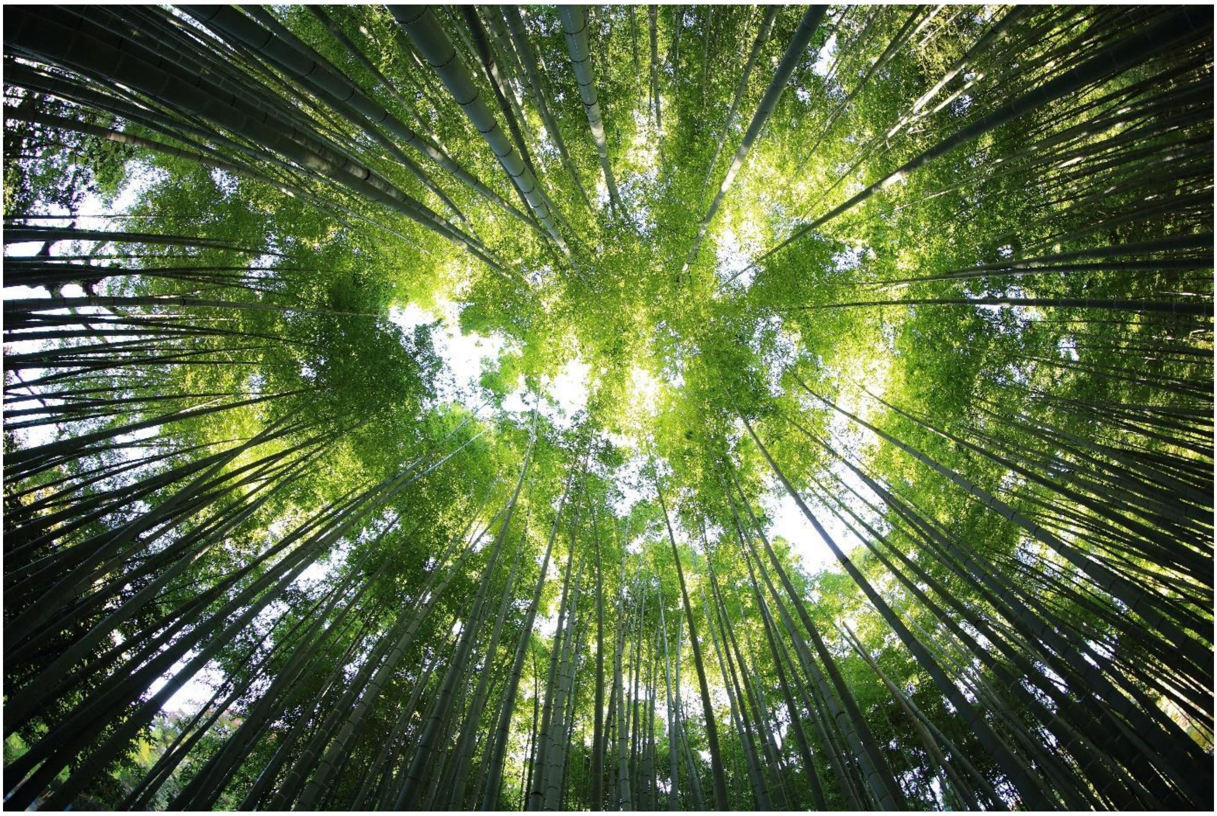
AFYREN

2022 Annual Financial Report



1. DECLARATION BY THE PERSON RESPONSIBLE FOR THE ANNUAL FINANCIAL REPORT

"I certify that, to the best of my knowledge, the financial statements have been prepared in accordance with the applicable accounting standards and give a true and fair view of the assets and liabilities, financial position and results of AFYREN and that the management report in section 3 gives a true and fair view of changes in the Company's business, results and financial position and describes the main risks and uncertainties it is facing. "

Nicolas Sordet, Chief Executive Officer

Signed in Lyon, France, on 13 April 2023

2. MESSAGE FROM THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Dear shareholders,

Some 18 months after our successful IPO in October 2021, we are proud to present 2022 results that are very positive in industrial, commercial and extra-financial terms.

The highlight of 2022 was the industrial start-up and inauguration of the AFYREN NEOXY plant in Carling-Saint Avold, in the Grand Est region of France. This biorefinery, which produces biobased carboxylic acids from biomass co-products, is unique in the world, and our teams are fully motivated to launch industrial production in 2023.

On the commercial side, the market opportunity available to us is immense. This is reflected in recent exchanges with customers and prospects, and in the pre-sales of acids and fertilizers (more than 75%[1] of the annual volumes of acids and 100% of fertilizers from our first plant). In a world shaken by global warming and geopolitical instability, efforts to make supply chains shorter and the search for alternatives to fossil fuels will drive demand for AFYREN’s offerings for years to come.

With demand for our products extending far beyond Europe, we are making rapid progress on the internationalization of AFYREN. We held successful discussions to form a partnership with an Asian sugar-industry leader to set up our project for a second plant in Thailand. Other discussions are underway, notably in the Americas.

As AFYREN grows, the group continues to add structure: we passed the symbolic threshold of 100 employees and strengthened our teams in France and abroad. Our corporate project was formalized in 2022 with the formulation of our corporate purpose, the result of collaborative work with our employees and stakeholders.

AFYREN's unique positioning is a powerful asset for our employer brand, enabling us to recruit experienced people who are in search of a meaningful mission. Progress has also been made in terms of governance, with the appointment of two women directors, one of whom is independent, to the Board of Directors.

Our stock market performance, comparable to that of our benchmark index, reflects market conditions that are, in the short term, less favorable to growth companies. As discussed during our frequent exchanges with the financial community, our priority remains the execution of our roadmap ¬— the main driver of medium-term value creation for our shareholders.

We would like to thank our stakeholders: the AFYREN teams, of course, but also all of you, old and new shareholders, and all of our commercial and industrial partners. Thanks to the mobilization of all these people, AFYREN is making its mark on unexplored territory with the humility of a company that is still young but whose ambition is justified by an offering that is unparalleled on an industrial scale, in a fast-growing market!

Stefan Borgas, Chair of the Board of Directors, and Nicolas Sordet, CEO.

[1] Of which 71% signed and 5% in the pre-contract phase (letters of intent or memoranda of understanding)

3. Management report

3. MANAGEMENT REPORT

3.1 INFORMATION ABOUT THE GROUP

Company name and trading name of AFYREN (the "**Company**")

The Company's name since incorporation has been AFYREN, which is also its trading name.

Company place of registration and registration number, legal entity identifier (LEI)

The Company is registered under number 750 830 457 with the Clermont-Ferrand Trade and Companies Register.

The Company's legal entity identifier (LEI) is 969500XKOIIX6JRUAY14.

Company's date of incorporation and term

The Company was incorporated for a term of 99 years from its registration on 11 April 2012, except in cases of early dissolution or extension decided by the extraordinary general meeting in accordance with the law and the articles of association.

Company's registered office and legal form

By resolution of the Company's general meeting of shareholders dated 11 June 2021, it was decided to convert the Company from a société par actions simplifiée (simplified joint stock company) into a société anonyme à conseil d'administration (public limited company with a board of directors).

The Company, governed by French law, will be primarily subject to the provisions of Articles L.225-1 et seq. of the French Commercial Code for its operations.

The Company was incorporated as a société par actions simplifiée (simplified joint stock company) on 4 April 2012.

The Company's registered office is located at 9-11 rue Gutenberg, 63000 Clermont-Ferrand.

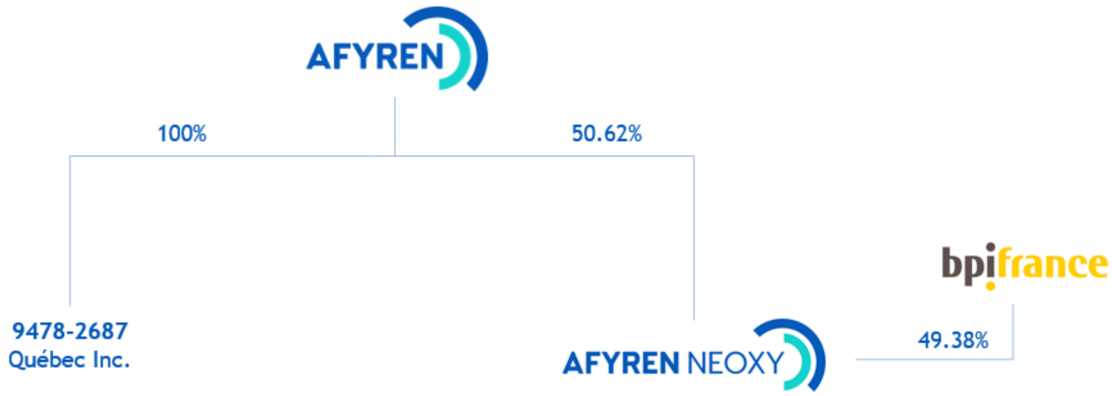
The Company's contact details are as follows:

Telephone: +33 (0)4 51 08 86 99

Email address: contact@AFYREN.com

Website: www.AFYREN.com

3.1.1 LEGAL ORGANISATION CHART



AFYREN holds a non-significant stake (0.16% of the share capital and voting rights) in Bio-Valo (Registered with the Clermont-Ferrand Trade and Companies Register under number 823 722 855), an independent technical consulting firm, analysis and demonstration platform for biogas and methanisation.

3.1.2 LIST AND ACTIVITY OF SUBSIDIARIES DURING THE PAST FINANCIAL YEAR

In accordance with the provisions of Article L.233-6 of the French Commercial Code, we hereby inform you of the activity of our subsidiaries during the financial year ended 31 December 2022.

- AFYREN NEOXY is the operating company of AFYREN's first industrial-scale production plant for biobased organic acids from sugar beet by-products. The plant is located on the Chemesis industrial platform located in Carling-Saint-Avold, in the Grand Est region. AFYREN NEOXY is jointly owned with Bpifrance (with AFYREN owning 50.62% of its share capital and Bpifrance 49.38%).

Last financial year ended (in €)	**AFYREN NEOXY**
Share capital	46,100,999
Equity	41,515,050
Net income	(7,886,719)
Revenues	13,203
Dividends received during the year	-

- AFYREN also has a wholly-owned subsidiary in Quebec (9478-2687 Quebec inc.). This subsidiary is currently dormant.

3.1.3 BRANCHES

None.

3.2 GENERAL PRESENTATION

3.2.1 BUSINESS ACTIVITY

Founded in 2012, AFYREN is a sustainable chemical ("greentech") company offering innovative solutions to replace petroleum-based ingredients with products derived from natural microorganisms, in a zero industrial waste circular economy approach.

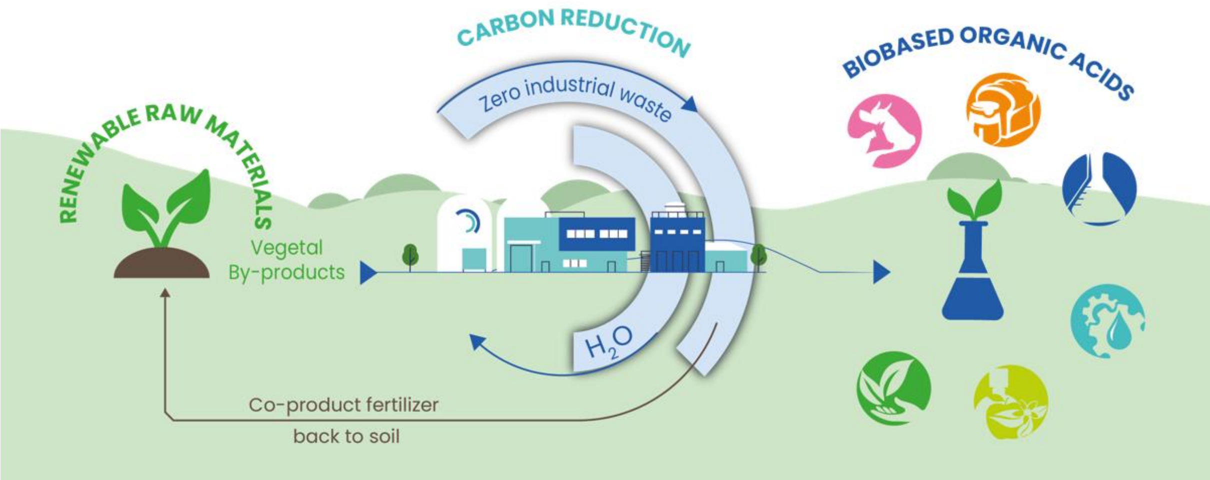
The solutions offered by AFYREN make it possible to produce a family of seven fully biobased organic acids and a natural fertiliser from non-food biomass.

Based on renewable raw materials such as the by-products of the sugar production process (in particular molasses and beetroot pulp), which do not compete with human food chains, AFYREN's technological platform - AFYNERIE® - makes it possible to produce 100% biobased organic acids on an industrial scale and at a competitive cost, offering the same chemical properties as those produced from oil, but with only one-fifth of the carbon footprint[2].

On 1 October 2021, AFYREN successfully completed its IPO on the unregulated Euronext Growth market in Paris, in order to accelerate its development, particularly internationally.

In 2022, AFYREN inaugurated its first plant: AFYREN NEOXY with a capacity of 16,000 tonnes of organic acids and 28,000 tonnes of fertilisers.

The AFYREN model: biobased ingredients from renewable by-products obtained by fermentation



[2] Environmental footprint of AFYREN's products via Life Cycle Assessment, Sphera, March 2021 (https://AFYREN.com/wp-content/uploads/2021/04/210402-AFYREN-LCA-analysis-April2021.pdf)

AFYREN today

Since its creation, AFYREN has won numerous awards, including:

- the 2030 Global Innovation Competition in the "Plant proteins and plant chemistry" category;
- the Cleantech 2015 contest;
- the “Efficient Solution” label of the Solar Impulse foundation (2019);
- the Grand Est Bioeconomy trophy (2020);
- Ernst and Young's Start-up of the Year Award for the Auvergne Rhône-Alpes region (2021)
- the innovation prize of the Innovana contest in the Grand Est region (2022);
- the Tech for Good Awards in the Resources category (2022)
- the AURA CSR trophy in the eco-design category (2022);

In 2020 and 2021, AFYREN was selected for the French Tech 120 (the 120 most promising start-ups in France). The company was removed from this ranking in 2022 following its IPO (exclusion criterion).

The Company is also supported in its development by the Auvergne Rhône-Alpes and Grand Est regions, as well as by Bpifrance the European Investment Bank and Circular Bio-Based Europe.

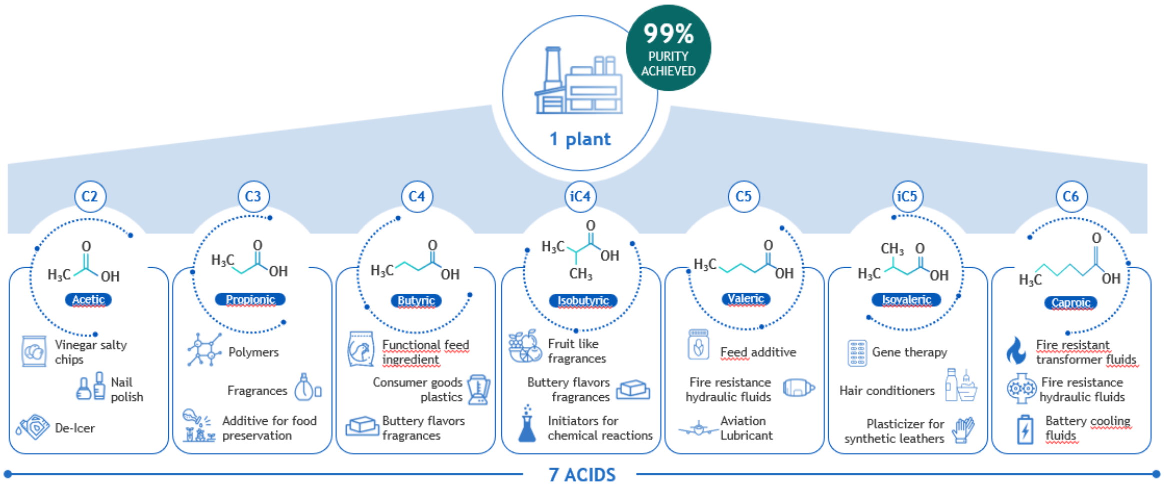
3.2.2 MANAGEMENT TEAM

The AFYREN management team

3.3 BUSINESS OVERVIEW

3.3.1 BIOBASED PRODUCTS DEVELOPED BY AFYREN

The seven organic acids produced by AFYREN



This wide range of organic acids allows AFYREN to serve large, diversified markets with significant potential worldwide.

Among all organic acids, AFYREN currently concentrates its production on seven carboxylic acids: acetic acid, propionic acid, butyric and isobutyric acids, valeric and isovaleric acids and caproic acid.

The carboxylic acid market, estimated at $13 billion in 2021, is expected to grow to $21.3 billion in 2030, representing an annual growth rate (CAGR) of 5.8%[3]. Within this market, which is currently 99% petroleum-based, the percentage of biobased alternatives is expected to grow substantially in the coming years, driven by consumer demand for more sustainable products and government policies aimed at combating global warming, ensuring the transition to a circular economy and reducing dependence on petroleum-based products. AFYREN's biomolecules therefore meet strong demand from the human food, animal feed, flavour and fragrance, life science and material sciences industries, which are looking for sustainable ingredients with performances equivalent to their petroleum-based equivalents.

The fertiliser produced by AFYREN

In addition to the seven aforementioned acids, AFYREN's manufacturing process automatically leads to the production of a potash-rich fertiliser for use in organic farming. This type of fertiliser is very commonly used in wine-growing, market gardening (particularly fruit) and arboriculture, in France and Europe. This fertiliser can be produced simultaneously, regardless of the raw material used to produce the range of carboxylic acids.

Other products that can be developed by AFYREN

Thanks to its know-how, AFYREN could in the future consider producing other products, in order to create additional value to that obtained through the sale of acids.

[3] "Global Carboxylic Acid Market 2021 - Global Industry Analysis 2021-2031", Transparency Market Research

Derivatives produced from AFYREN's biobased acids

The acids produced by AFYREN are platform molecules, which can in turn be transformed into derivatives. AFYREN is also working on the development of certain derivatives to move further down the value chain.

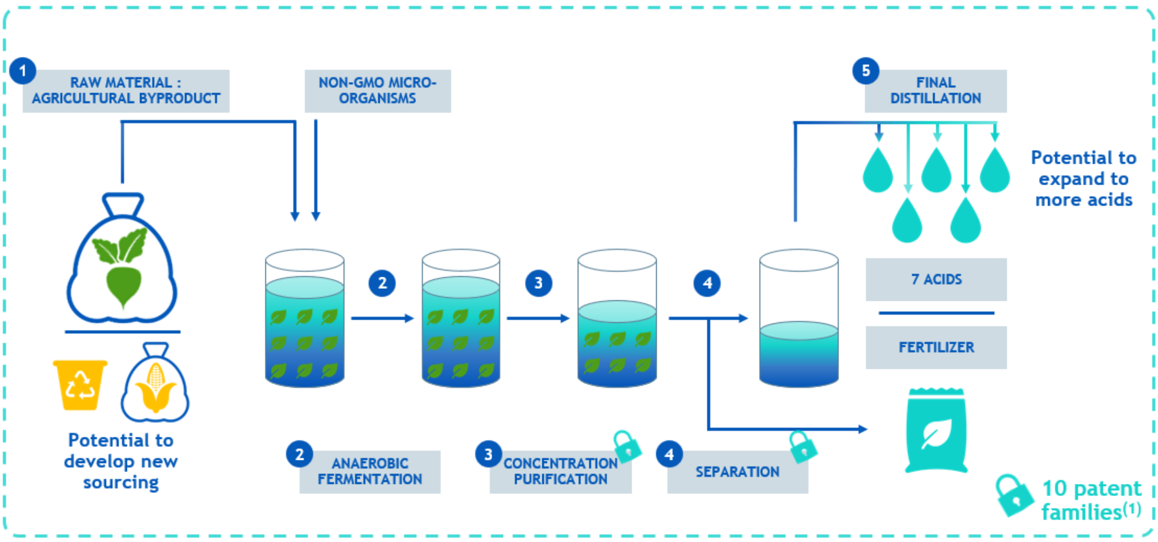
Complementary products based on AFYREN's know-how in natural fermentation and bioprocesses

In addition to these derivatives, AFYREN's R&D team is actively working on new developments to complement the range of organic acids, while maintaining the same approach of minimising its environmental footprint. In particular, these products would make it possible to further diversify the range of acids from plant by-products.

3.3.2 THE AFYNERIE® TECHNOLOGICAL PLATFORM

The AFYNERIE® process, owned by AFYREN, is protected worldwide, through ten patent families and patent applications[4]. This is a biomimetic technology, the result of more than ten years of R&D, which allows the transformation, via a fermentation process, of non-food biomass from by-products and agro-industrial waste into carboxylic acids and biobased fertilisers.

The AFYNERIE® process



Note(s): Patents; To be developed; (1) 9 patents have been approved, with 1 additional patent in the approval process

The AFYREN process can be used with many **raw materials such as** sugar industry by-products (beetroot and cane), other organic by-products (soya, cane, corn, beer production) or even municipal waste (organic household waste).

The Company's biorefinery technology is based on the mastery of natural **microbial mixtures**, without DNA modifications, capable of using a wide variety of complex biomasses. The choice of natural fermentation avoids sterilisation and pre-treatment stages and the associated costs and allows the production of several molecules via a single process.

The **by-products from fermentation** are used as fertiliser, with a logic of complete

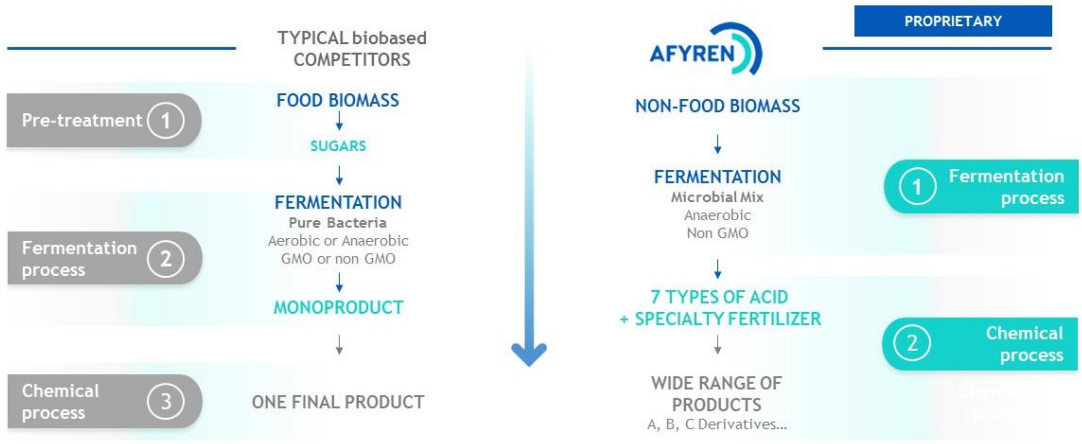
[4] See paragraph 3.7.1 - Intellectual property

circularity insofar as this fertiliser, usable in organic agriculture, promotes the growth of biomass, which is the key raw material of the AFYREN process. This process therefore does not generate any industrial waste. Lastly, the process works in a closed loop, which means the use of water for fermentation is kept to a minimum.

After the fermentation stage, acids are processed by distillation and other purification stages to obtain pure molecules that meet market specifications.

The plan is to add one or more additional processing steps, for example esterification or hydrogenation, that can convert these platform molecules into derivatives, which requires specific facilities.

Comparison between the AFYNERIE® process and the traditional approach



In contrast to the biotech industry standards, AFYREN's approach is based on the use of non-food biomass, and on non-GMO fermentation to produce biobased organic acids without directly competing with food resources. It can be used to produce seven natural organic acids, from C2 (acetic acid) to C6 (caproic acid) at a competitive cost.

3.3.3 THE AFYREN NEOXY PLANT: THE FIRST INDUSTRIAL PLANT USING THE AFYREN TECHNOLOGY

In November 2020, AFYREN launched the construction of AFYREN NEOXY, the first industrial unit using its technology, located in Carling-Saint Avold, in the Grand Est region.

Construction was completed in Q1 2022, on time and on budget, despite the health crisis.

As of the date of this document, AFYREN NEOXY is launching the production of its seven biobased organic acids with the objective of delivering the first batches in 2023 and then gradually ramping up production.

AFYREN has thus chosen a regional approach for this first plant:

- with regard to its sourcing by giving preference to those geographically closest to the plant, in order to reduce the CO2 impact of transport, and to contribute to the region's economic activity. The AFYREN NEOXY supply contract for molasses and pulp secured in March 2021 with Südzucker AG, the world leader in the sugar industry, provides for the use of sugar by-products from crops located within a maximum radius of a few hundred kilometres from the plant;
- with regard to AFYREN's customers, who will be able to benefit from a regional, French production source located in the heart of Europe. Due to the recent health crisis, as well as recent weather phenomena, particularly in the United States (cold waves), some players have had to face significant price pressure, or even shortages in their sourcing of organic acids, which tends to demonstrate the importance of access to easily accessible products manufactured in France or Europe. The delivery time for products manufactured outside Europe has highlighted the strategic or even vital interest for certain customers to be able to rely on local sourcing. This underlying trend further enhances AFYREN's production, based in France, Germany and the Benelux, where the use of acids that AFYREN plans to sell is very significant.

  AFYREN's commercial approach is based on a direct approach, and through distributors to a lesser extent depending on opportunities, particularly for small volumes (e.g. flavours and fragrances), requiring logistical know-how, allowing in these specific cases to capture the value of very specific and dispersed markets.

In accordance with this strategy, AFYREN has worked to secure part of AFYREN NEOXY's production via a first long-term framework contract (ten years) with a leading player in the food and animal feed ingredients market, based on the take or pay model and covering the production of propionic and butyric acids. This contract provides AFYREN NEOXY with commercial outlets for the production of these acids and minimum annual revenues while leaving the flexibility to capture premium outlets for a certain share of its production of these propionic and butyric acids.

Since then, other multi-year contracts have been signed with players in all target markets, bringing the share of pre-sold AFYREN NEOXY acid volumes to more than 75%.[5]

Direct contracts are supplemented by distribution contracts for the entire portfolio of these acids in the specific Flavours and Fragrances market with Ennolys – Lesaffre Group – in the European market and Excellentia in the North American market.

AFYREN NEOXY has also entered into a contract for the sale of its entire production of potassium fertilisers with Terrial, a joint venture between the Suez and Avril groups.

Thanks in particular to the awards won in competitions supported by Bpifrance, public investors and financiers identify the Company as an innovative company in the French economy that can legitimately receive its support. Accordingly, Bpifrance Financement has granted a certain amount of financing to AFYREN NEOXY. Bpifrance Investissement has invested, through its funds SPI - Sociétés de Projets Industriels, and EIB - Sociétés de Projets Industriels[6] alongside the Company, in AFYREN NEOXY.

As part of its "Total Regional Development" programme, TotalEnergies has been supporting the Company's development since 2017, in particular by granting a loan that helped finance the validation of its technology at the pilot stage, and, due to AFYREN NEOXY's establishment on the Carling Saint-Avold platform that belongs to the TotalEnergies Group (on which Total continues to produce polystyrene, polyethylene, polypropylene compounds and resins). In order to facilitate the establishment and construction of the AFYREN NEOXY plant, TotalEnergies and the Company have entered into various partnerships with companies present on the site, to facilitate the establishment of the AFYREN NEOXY plant and its proper integration on the site.

In April 2020, AFYREN brought together twelve key players in the bioeconomy around AFTER-BIOCHEM[7], an innovative European project aimed at developing the first biorefinery of its kind in Europe, based on AFYNERIE® technology, built and operated by AFYREN NEOXY. This project focuses on creating new sustainable value chains from renewable and non-food raw materials, leading to the sales of seven acids produced by AFYREN NEOXY, fertilisers and also derivatives. This project has been supported by the European Commission and the European Joint Undertaking Bio Based Industry (BBI-JU), which has awarded it a grant of nearly €20 million out of an estimated total project cost of €33 million. The twelve partners of AFYREN NEOXY in this project, which will last until April 2024, are Südzucker AG, Technip Energies, Kemin Europa NV, Omya International AG, Sphera, Bioeconomy For Change Association, PNO Consultants, Firmenich SA, Fiabila, Suez Groupe and Celanese Europe BV.

AFYREN NEOXY is also supported by the Grand Est Region and the CASAS urban community through grants.

Lastly, AFYREN Neoxy is supported by a banking partnerships, BNP, Banque Populaire and Caisse d'Epargne, in the financing of this plant.

[5] Of which 71% signed and 5% in the pre-contract phase (letters of intent or memoranda of understanding)
[6] Underwritten by the European Investment Bank
[7] Anaerobic Fermentation & EsteRification of BIOmass for producing fine chemicals

3.4 COMPETITIVE ENVIRONMENT

At this stage, AFYREN will produce and market seven carboxylic acids: acetic acid, propionic acid, butyric and isobutyric acids, valeric and isovaleric acids and caproic acid.

These carboxylic acids are used in a wide range of applications: human food and animal feed, flavours and fragrances, life sciences, materials sciences and lubricants.

The current global market for all carboxylic acids was estimated at $13 billion in 2021, and is forecast to reach $21.3 billion in 2030, i.e. an overall annual growth rate of 5.8%.

Within this market, which is currently 99% petroleum-based, the percentage of biobased alternatives is expected to grow substantially in the coming years, driven by consumer demand for more sustainable products and government policies (e.g. European Green Deal) to combat global warming, ensure transition to a more circular economy and reduce dependence on fossil fuels.

Most carboxylic acid producers are petrochemical companies (Eastman Chemical Company, The Dow Chemical Company, Ineos, BASF SE, Celanese Corporation, Jiangsu Sopo (Group) Co, Luxi Group) as well as companies such as Perstsorp and OQ Chemicals, which are also present in these markets and more particularly in the molecules C3 to C5.

The European market, AFYREN NEOXY's main target, represents an estimated cumulative business volume of around $4 billion, a very substantial amount in relation to AFYREN NEOXY's production capacity. The Asian and North American markets are also AFYREN’s target markets, accounting for 25% and 27% of global demand respectively.

There are currently very few players in the biobased carboxylic acid sector outside of acetic acid (Lenzing, Jubilant Ingrevia, Godavari Biorefineries) who can compete directly with AFYREN in terms of technology and manufacturing processes. A potential competitor today in the biobased carboxylic acid segment has been identified: ChainCraft (Netherlands). However, AFYREN is significantly different from its competitors, notably because of the diversity of its range of acids produced as well as by the manufacturing processes used, giving it a unique positioning in its market. The technological choices adopted by AFYREN resulted in a more economical and environmentally friendly manufacturing process.

3.5 ACTIVITY AND KEY FIGURES

Key figures

in € thousands	2022.12	2021.12	*Change*
Revenues	**3,456**	**3,036**	*+14%*
Of which license and development of industrial know-how	*1,417*	*1,417*	*-*
Of which other services	*2,039*	*1,619*	*+26%*
Current operating income	(5,371)	(2,176)	*x2.5*
Operating income	**(5,371)**	**(2,176)**	*x2.5*
Net financial income	(166)	(403)	*-59%*
Share in income of equity-accounted companies	(3,662)	(1,029)	*x3.9*
Net income	**(9,200)**	**(3,609)**	*x2.5*

The Group's results reflect a phase in which the teams are fully focused on the start-up of the first plant and the preparation of the next ones.

Readers are invited to refer to the review of the financial statements and results in paragraph 3.11 of this document.

Simplified balance sheet

in € thousands	2022.12	2021.12
Non-current assets	**20,998**	**24,246**
Of which equity-accounted securities	*16,513*	*20,171*
Current assets	**63,822**	**68,903**
Of which cash and cash equivalents	*62,333*	*67,128*
Total assets	**84,821**	**93,149**
Equity	**70,978**	**77,856**
Non-current liabilities	**5,885**	**11,717**
Of which borrowings and financial liabilities[8]	*3,485*	*7,999*
Current liabilities	**7,958**	**3,576**
Of which borrowings and financial liabilities	*5,054*	*950*
Total liabilities	**84,821**	**93,149**

The Company had cash and cash equivalents of €62.3 million at the end of the financial year and very limited debt. It can thus finance its future development, including R&D work and the development of future industrial projects.

[8] Including lease liabilities, which amounted to €411 thousand at end-December 2022

3.6 SIGNIFICANT EVENTS OF THE YEAR

Financial year 2022 was rich in developments for AFYREN, including the inauguration of the first AFYREN NEOXY plant, commercial successes with the pre-sale of more than 75%[9] of its production and significant progress on the Group's ESG roadmap. 2022 was also an important year for the structuring of the Group, with the recruitment of more than 60 employees, all types of work contracts combined, including more than 27 permanent jobs created at the AFYREN NEOXY site, and 11 permanent jobs created at the Lyon and Clermont-Ferrand sites, with the Group crossing the threshold of 110 employees at the end of December 2022.

Commissioning of AFYREN NEOXY and ensuring reliability for production start-up

A world first, the AFYREN NEOXY plant is the only industrial-scale plant to produce biobased carboxylic acids from sugar beet by-products. It is located in Carling-Saint Avold, in the Grand Est region (France).

Launched in the second half of 2020 and despite the health crisis, the construction project ran smoothly and on time for delivery of the plant in the first half of 2022.

This project represented more than 200,000 hours of work, with strong mobilisation of employees and partners, bringing the number of people present simultaneously on the site to more than 150 at the peak of the project.

Construction was completed within budget, including provisions for possible adjustments to be made during the start-up phase. The operational team of about 60 people has been recruited and trained.

On the publication date of this Annual Financial Report, the teams are fully mobilised to ensure the reliability of certain production stages before launching industrial production and invoicing the customer. Initially scheduled for the end of 2022, the delivery of the first batches has been postponed by a few months to allow operations to be stabilised, without impacting contractual commitments.

Once industrial production begins, AFYREN plans to gradually ramp up volumes to produce 16,000 tonnes of carboxylic acids per year at full capacity.

Commercial successes: 75%[8] of the target production volume of AFYREN NEOXY organic acids already sold

Biobased carboxylic acids (C2-C6) are needed in a wide variety of industries for their antibacterial, olfactory or preservative properties. AFYREN’s six priority markets are human food and animal feed, flavours and fragrances, lubricants, life sciences and materials sciences. While global production of biobased products is limited, AFYREN's offer allows its customers to access these acids locally in Europe, with a significantly reduced environmental footprint compared to the petroleum-based alternative.

In 2021, sales contracts were signed that secured more than 60% of the target volume of acids from the AFYREN NEOXY plant at full capacity, as well as 100% of the fertilisers.

New multi-year contracts were signed in 2022, covering animal nutrition (May 2022), cosmetics and nutraceutics (August 2022), flavours and fragrances with the North American distributor Excellentia (November 2022), and industrial lubricants (November 2022).

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[9] [8] Of which 71% signed and 5% in the pre-contract phase (letters of intent or memoranda of understanding)

These bring the share of volumes secured by contracts to over 75%. For the remaining capacity, AFYREN will be able to focus on shorter-term contracts while targeting high value-added segments or customers s with whom AFYREN could generate commercial synergies around the production of future plants.

Since the beginning of 2023, and as of the date of this Annual Financial Report, all strategic customers have confirmed their confidence in the AFYREN project, confirming commercial commitments for cumulative contractual revenues of more than €165 million[10].

Significant progress in terms of ESG

Supported by ambitious governance, with a CSR Director on AFYREN's Executive Committee since 2021 and a CSR Committee chaired by a director - Caroline Lebel - appointed at the June 2022 Combined General Meeting, significant progress was made on ESG issues in 2022.

In the first quarter, following a consultation with its internal and external stakeholders, AFYREN formulated its Purpose Statement: "We enable low-carbon, circular industry (Pillar 1) by providing biobased solutions (Pillar 2) built with our partners to benefit the environment (Pillar 3)". The Company's ESG roadmap is therefore naturally structured around these three pillars. For further information, please refer to chapter 5 “Sustainable development” of this Annual Financial Report.

In June, the General Meeting also approved the appointment of a new independent director, Patrizia Marraghini, to head AFYREN's Audit Committee. Patrizia brings many years of experience in legal, financial, commercial and contractual matters in large international listed companies.

As of the date of this Annual Financial Report, the Board of Directors therefore has two independent directors, including the Chairman, and the proportion of women on the Board is 29%.

AFYREN's constant efforts to document and improve processes related to the company's sustainable development have led to a new improvement in its ESG rating. In March 2023, AFYREN obtained an EthiFinance non-financial rating of 78/100, up 6 points compared to the previous year, which highlights, based on the 2021 benchmark, a clearly higher level of ESG maturity than for comparable companies (in terms of workforce and business sector).

Financial instruments

As part of its strategy of attracting and retaining company executives and employees, various financial instruments were issued:

- 17,500 2021 BSPCE in February 2022, 15,000 2021 BSPCE in March 2022 and 7,500 2021 BSPCE in July 2022 to the Chairman of the Board of Directors, an AFYREN employee and a director, respectively;

- 20,000 2022 BSA in September 2022 to the Chairman of AFYREN NEOXY ;

- 257,620 free shares in March 2022 to each of the two executives. Vesting of the shares is spread in 4 tranches over a period of 3 years, subject to continued employment and, for the 4th tranche, market performance;

10 For the contracted part only, total volumes x selling price over the contract period

- 17,969 free shares in October and December 2022 to five company employees.

Financing

There has been no major change in AFYREN's financial structure compared with the 2021 closing.

The main movements recorded in 2022 for AFYREN NEOXY are:

- the signing and payment of several leases for a total amount of €10.8 million;

- a €2.5 million cash inflow during the first half of the year related to a €5 million loan taken out with Banque Populaire in 2021. In 2021, AFYREN NEOXY received an initial payment of the same amount;

- the signing of a sale-leaseback operation with a subsidiary of the semi-public company SEBL, leading to the purchase of the buildings, in particular administrative buildings, for the purpose of leasing them to AFYREN NEOXY for an amount of €3.3 million excluding VAT;

- the disbursement of several grants and financial support for a total amount of €4.4 million.

The main movement recorded in 2022 for AFYREN was a first €0.3 million principal repayment on the State Guaranteed Loans taken out in May 2020 for a total amount of €2.6 million from Banque Populaire, BNP, Crédit Agricole and BPI.

3.7 RESEARCH AND DEVELOPMENT ACTIVITIES

Research and development costs include expenses dedicated to the continuous improvement of fermentation and production processes, the preparation of future plants, the development of derivative and new products and the use of new substrates.

With over ten years' experience in fermentation, the R&D platform developed by AFYREN is focused on the development of the Group's business and is therefore very strategic.

In fact, the amounts dedicated to R&D are increased year after year.

As of 31 December 2022, the amount of these costs was €1.8 million, up 29% from €1.4 million in 2021.

The 2023 budget represents further growth of around 40% compared to 2022 and accounts for 20% to 25% of AFYREN's total budgeted spending.

Research costs are expensed as incurred.

Development expenses are recognised as intangible assets if and only if the expenses can be measured reliably and the Company can demonstrate the technical and commercial feasibility of the product or process, the existence of probable future economic benefits and its intention as well as the availability of sufficient resources to complete development and use or sell the asset. Otherwise, they are expensed as incurred. Subsequent to initial recognition, development expenses are carried at cost less any accumulated depreciation and impairment losses.

In addition, a €365 thousand research tax credit was recognised for this year in connection with the same research and development work.

3.7.1 INTELLECTUAL PROPERTY

AFYREN has a patent portfolio consisting of 10 published patent families, representing 88 patent applications in 13 jurisdictions. 53 patents granted are derived from these applications, including seven US and four European patents. Once granted, EP patents are validated in major European markets (Belgium, Germany, France, United Kingdom, Ireland, Netherlands, Sweden). Most of the valuable inventions have a wide validation territory, including other important European countries such as Denmark, Spain, Italy, Finland, Norway, Poland, Portugal, etc. Including EP patent validation countries, AFYREN's patent portfolio comprises more than 140 titles that are maintained in force. The EP patents have not been the subject of any opposition proceedings by third parties.

The first family involves the preservation of the fermentation potential of a biomass and associated installations.

The second family involves a process of preparing molecules by fermentation of a biomass by continuous removal of organic molecules while preserving the population of microorganisms responsible for fermentation.

The third family involves a process for extracting volatile fatty acids obtained by anaerobic fermentation of a biomass by continuous extraction with a solvent.

The fourth family involves a process for the production of polyhydroxyalcanoates from volatile fatty acids obtained by anaerobic fermentation of a biomass.

The fifth family is a process of producing amino acids from volatile amino acids obtained by anaerobic fermentation of a biomass.

The sixth family involves a process of extracting carboxylic acids from molecules obtained by fermentation of a biomass by liquid/liquid extraction and distillation.

The seventh family involves a process for extracting carbonic acids and use of potassium salts co-produced in a biomass fermentation process by precipitation and drying, without requiring extraction solvents.

The eighth family involves the use of vinasse as a fermentation product.

The ninth family involves a process for preparing organic molecules by anaerobic biomass fermentation, including a step of aeration of the fermentation juice to improve the extraction of organic molecules.

The tenth family involves the treatment of effluents from the production of vegetable oils, in particular palm oils, making it possible to limit the impact of these industries on the environment and the use of said effluents. An initial patent application was filed with the European Patent Office on 23 December 2020 as a priority application for this family. The extension of the protection to a wider territory has not yet been decided.

Also, the Company has registered several trademarks: AFYNERIE (in France), AFYREN (in

France, with WIPO, China, the European Union, the United Kingdom, the United States and Switzerland), METHAREN (in France) and AFYREN TECHNOLOGIE (in France). It has not granted any licence to any third party for the use of these trademarks. AFYREN NEOXY has filed for the AFYREN NEOXY trademark in France. The Company has also registered the trademarks FLAVYREN™ (flavours and perfumes), LUBYREN™ (lubricants), VITAFYREN™ (human and animal nutrition) and AFYBIO™ (life sciences and materials science) in its target markets (Europe, the Americas and Asia).

3.8 SIGNIFICANT EVENTS AFTER 31 DECEMBER 2022

In January 2023, AFYREN announced that it had entered into a partnership project[11] with Mitr Phol, a world leader in the sugar industry, to set up a biorefinery in Thailand. This project will be carried out by a joint venture owned by AFYREN (70%) and Mitr Phol (30%), targeting the Asian market, which represents 25% of the global carboxylic acid market. This second plant project aims to achieve a production capacity of around 28,000 tonnes per year, representing revenues of around €60 million at full capacity. The construction and production start-up schedule is to be set after engineering studies planned for the second half of 2023.

In March 2023, AFYREN NEOXY secured a €5 million loan agreement with BNP for 2023, reduced to €2.5 million in 2024, to cover possible short-term financing needs (pre-financing of disbursements of grants, etc.).

At the end of March 2023, AFYREN repaid in cash the convertible bonds issued in March 2020 for €3.567 million.

In February and March 2023, the Board of Directors made used the authorisation granted to it under the twenty-ninth resolution adopted by the combined general meeting of 11 June 2021 to issue (i) 3 589 - 2021 free shares to a Company employee (ii) 10 386 - 2021 free shares to a Company employee and a subsidiary director.

In March 2023, with the Board of Director's approval, the Company's share capital was increased to €518.800.26 divided into 25.940.013 ordinary shares of €0.02 of nominal value each following:

- the issue, following the exercise of 19,921 BSPCE 5, of a total number of 19,921 new ordinary shares with a par value of 0.02 euro, representing a nominal capital increase of 398.42 euros, together with an issue premium of 40,638.84 euros, and

- the issue of a total number of 51,524 new ordinary shares with a par value of 0.02 euro, representing a nominal amount of the capital increase of 1,030.48 euro following the definitive acquisition of the first tranche by the beneficiaries of the 2021-1 free share plan, as decided by the Board of Directors on March 24, 2022

Please refer to note 4 to the IFRS financial statements in Appendix 2 of this document.

[11] This agreement is expected to be finalised in mid-2023, subject to the parties' agreement on the final terms of the partnership.

3.9 RISK FACTORS

Investors are invited to take into account the following risk factors and other information contained in this Annual Financial Report before deciding to subscribe for or acquire shares in the Company.

The Company is exposed to various risk categories, the occurrence of which could have a material adverse effect on its business, financial position, results or prospects. The Company has reviewed these risks; at the date of publication of this Annual Financial Report, the Company is not aware of any significant risks other than those presented in this chapter. It is possible that certain risks not mentioned or not identified to date may potentially affect the Group's business and results, its objectives, its image or its share price. The Company's assessment of the significance of risks may be changed at any time, particularly if new internal or external events materialise.

AFYREN's risk management system

In its internal risk analysis, AFYREN distinguishes between two main risk categories: risks associated with the strategy and risks associated with its execution.

The first category is the responsibility of management (Executive Committee) and is based on three analyses that are reviewed annually: a SWOT analysis of the Company, a PESTEL macro analysis and a competitive analysis.

Strategy execution risks, which are more operational in nature, fall into three categories:

- Project risks, under the responsibility of the project managers, are assessed regularly, on a monthly or quarterly basis, depending on the state of progress;

- Operational risks associated with the company's overall performance, under the responsibility of an "AFYREN Global Performance" programme manager, are reviewed on a quarterly basis;

- Lastly, risks related to plant operations, under the responsibility of the plant management committees, are also reviewed on a quarterly basis.

Each manager is responsible for identifying and documenting risks in a dedicated reporting tool, which serves as a support for risk mapping. This is based in particular on risk rating, resulting from the assessment of the severity (5 levels on a scale of 1 to 16) multiplied by the probability (5 levels on a scale of 1 to 16) of the risk.

As a standard practice, risks are subject to a control system, with particular attention paid to higher-rated risks (> or = 64), which are subject to immediate action plans with monthly review by the Executive Committee. At the end of 2022, 15 risks were rated 64 or higher.

Once the action plan is in place, regular reviews are organised to ensure continuous improvement.

Summary table of the main risks

In accordance with the provisions of Article 16 of Regulation (EU) 2017/1129 of the European Parliament and of the Council, the risk factors considered as the most important as of the date of this Annual Financial Report are presented below and then in the detailed description.

Name of the risk	Materiality
3.1 Risks associated with the Group's business sector	
Risks associated with the competitive environment in which the Company operates	Low to moderate
Risks associated with the specifications, certification standards and quality standards of the Group's products	Moderate
Risks associated with the supply of raw materials and energy, including climate risk	Moderate to high
Risks associated with the lack of commercial outlets or dependence on certain customers	Low to moderate
3.2 Risks associated with the "Build and Operate" strategy and business model	
Risks associated with future development, including internationally	Moderate
Risks associated with building and start-up of plants	Moderate to high
3.3 Risks associated with the Group's financial position	
Risks associated with liquidity, financing needs and debt	Moderate to high
Foreign exchange risks	Low to moderate
3.4 Risks of damage to the Group's image	**Low**
3.5 Human resources risks	
Risks associated with the Group's recruitment needs	Moderate
Risks associated with the need to retain key people	Moderate
3.6 Risks associated with cybercrime and information systems	**Moderate**
3.7 Legal and regulatory risks	
Risks related to the regulatory environment	Low to moderate
Intellectual property risks	Moderate

3.9.1 RISKS ASSOCIATED WITH THE COMPANY'S BUSINESS SECTOR

Risks associated with the competitive environment in which the Company operates

The Group operates in a market where the petrochemical industry has traditionally been the dominant player, with producers of biobased products being new entrants (see section 3.4 for a presentation of this competitive environment). The Group competes directly with large groups that have significant resources and long experience in operating industrial sites and marketing carboxylic acids to often long-established customers. Therefore, it cannot be ruled out that the Group may encounter aggressive pricing policies or multi-product offerings from existing petrochemical players in the market, made possible by their size and their established presence in multiple market sectors. Nor can it be ruled out that these same players may actively campaign to influence public policies that could be implemented in the market, and which may therefore affect the Group.

The Group is also exposed to competition in the biobased products segment, and some competitors potentially have greater resources than the Group, or may even be backed by large groups with more resources than the Group to devote to R&D work and the marketing of their products. If the Group were unable to defend its competitive advantages, it could be more difficult to compete with players already present in the biobased carboxylic acids segment or new market entrants who have developed more efficient technologies.

These various factors could have the effect of reducing the Group's expected sales volume and revenues and could therefore adversely affect the Group's business, financial position, results and/or financial prospects.

Risk management. To limit this risk, the Group markets a portfolio of products with a range that it alone offers currently, limiting the impact of an aggressive pricing policy by a competitor. Thanks to its innovative processes developed over many years, the Group is already favourably positioned compared to its competitors producing biobased carboxylic acids, as few players are capable of producing several acids in a single plant. This therefore assumes that new entrants have very significant financing capacity to build multiple plants or are limited to the production of a single acid. In order to maintain the innovative dimension of its offering, the Group is committed to dedicating significant budgets to its R&D work in order to develop its intellectual property. In addition, the Group aims to deploy industrial assets that are sufficiently economically efficient enough to withstand aggressive pricing policies. Lastly, the Group is committed to developing relationships both with new players in the production of biobased and sustainable products, in order to consolidate the positioning of this new segment, and also with historical players who are working to improve their environmental policy.

<u>Risks associated with specifications, certification standards and quality standards for the Group's products</u>

The products developed by the Group are aimed at customers who have precise and demanding expectations in terms of quality and product specifications. In order to justify its high quality standards and to avoid losing sales opportunities, the Group strives to obtain the certifications generally required by customers (and in particular the FSSC22000 and GMP+ certifications) and to have samples of its production validated by these same customers.

Changes in industry standards and their possible tightening will necessarily have an impact on the Group's activities, forcing it to change its internal quality control processes and, if necessary, its manufacturing processes. Any delay in obtaining a given certification or any delay resulting from the need to adapt a quality process to a newly introduced standard with which the Company's customers require compliance could delay the sale of products, and therefore adversely affect the Group's business, financial position, results and/or financial prospects.

Risk management. To limit this risk, the Group strives to anticipate the expectations of the market and its customers, in particular by ensuring that its sales team maintains a regular dialogue with them. In addition, the Group has implemented a voluntary certification policy aimed at obtaining all the required standards within short timeframes, but also at obtaining additional certifications that may prove decisive in the future. As part of its operational excellence programme, the Group has planned to implement a global performance management system with that includes an ambitious certification programme (ISO 9001, ISO 14001, ISO45001, FSSC22000, GMP+, Halal, Kosher, Ecocert). Lastly, the Group regularly has its client validate samples of its production.

Risks associated with the supply of raw materials and energy, including climate risk

The Group conducts its business by sourcing raw materials and needs energy to operate its industrial site. If the Group and/or the industry have difficulty passing on higher raw material and energy prices to its selling prices, this could have an impact on the Group's margins, business, financial position, results and/or financial prospects.

The raw materials used by the Group, plant-based and other raw material inputs, are naturally available and correspond to local agricultural residues that cannot be used directly in the human food chain and are usually treated as waste or low-value by-products. These by-products are therefore more generally used in the animal feed (livestock) sector or methanisation. Nevertheless, it cannot be ruled out that the Group could be exposed to (i) an excessive dependence on some of its raw material suppliers, or (ii) a shortage of raw materials in the event that the number of new entrants in the carboxylic acid sector or new companies using these raw materials for other purposes were to be greater than expected, increasing demand and reducing the supply of raw materials.

Moreover, as these raw materials are naturally available, they are affected by any sudden climatic accident (droughts, etc.) and more generally, by any climate change. These phenomena could result in lower crop yields.

Accordingly, it cannot be ruled out that a specific type of material will become scarce in the area where a Group production site is located, forcing it to source supplies outside the regional supply chain, and therefore at higher prices. In such cases, the reduction in raw material supply would increase production costs, which could affect the Group's financial position, results and/or prospects.

In addition, the Group has developed a technology that allows it to use several raw materials. However, any change in inputs would require negotiating new contracts with suppliers and adapting production facilities. Such adaptation could lead to longer-than-expected delivery times to the Group's customers and could affect the profitability of production.

Lastly, in order to operate its industrial sites (including AFYREN NEOXY), the Group must obtain energy supplies (electricity and steam) and its financial performance will depend in part on the prices charged by suppliers, partly in deregulated markets for its European activities, which have become far more volatile as a result of the war in Ukraine.

Risk management. To limit these risks, the Group has several advantages. It has developed a technology that allows it to use several raw materials. It is also committed to negotiating and securing long-term raw material sourcing contracts. In the context of AFYREN NEOXY, it entered into an exclusive five-year fixed-term contract with the German sugar group Südzucker AG for its needs in molasses and beetroot pulp. In addition, the choice of location for each site is determined based on access to competitive and consistent energy and by the availability of raw materials in the regional supply chain in order to control the risk of scarcity of raw materials at controlled prices. The internationalisation of operations will also limit the impacts specific to Europe's energy situation. Overall, the Group is more exposed to the risk of short- and medium-term price increases than to shortages. The Group’s ability to pass on certain cost increases to its selling prices should make it possible to limit the financial impact of such increases, in particular by including price renegotiation clauses linked to energy costs in contracts.

Risks associated with the lack of commercial outlets or dependence on certain customers

As the Group is beginning its large-scale production, it is not yet certain that its revenue projections will coincide with the market opportunities that will become available and be identified by the Group. In addition, some contracts signed to date with the Group's clients involve significant volumes.

If the Group were unable to secure sales of its production or sufficiently diversify its customer base, its business, financial position, results and/or financial prospects could be adversely affected.

Risk management. To limit this risk, the Group has an experienced international sales team and a positive track record in this area, since customer contracts securing the sale of 75% of AFYREN NEOXY's estimated annual production in acids, as well as all of its fertiliser production, have been signed as of the date of this Annual Financial Report. These contracts cover all of the Group's target markets. The commercial pipeline is also satisfactory, confirming the existence of a market for future international operations.

3.9.2 RISKS ASSOCIATED WITH THE COMPANY'S STRATEGY AND "BUILD AND OPERATE" ECONOMIC MODEL

Unlike other innovative companies whose business model is based on licensing their patents and/or know-how, the Company has chosen a "build and operate" model, i.e. to build and operate plants to manufacture products using the intellectual property that the Company has created.

Risks associated with future development, including internationally

The regular start-up of new plants means that the Company must regularly deal with difficulties of the same nature: preparation of the administrative applications relating to the construction and start-up of the plant (building permit, administrative approvals, etc.), implementation of new quality processes, management of new internal procedures relating to the operation of the site, recruitment of new teams, and time to adapt to customer expectations. These constraints can be more or less significant depending on the country of operation.

The delays inherent in these different stages may impact a site's start-up schedule and therefore production, impacting the revenues generated by the site.

Furthermore, the efficiency and performance of any new plant depends in part on its location, especially since the Group favours an approach that makes it possible to achieve synergies by building its plants on existing industrial sites. This approach, illustrated by AFYREN NEOXY's partnership with the TotalEnergies Group and the partnership with Mitr Phol Group for the second plant, makes it possible to control start-up costs and benefit from synergies with the partner, but may impose certain constraints related to the sites (age of the industrial sites, ownership and operation of the site concerned, etc.) or to the partners (options for setting up future plants, possible restrictions on activity, etc.).

Also, in the context of the Group's international expansion, it could face specific risks related to the country of establishment (political or regulatory instability causing, inter alia, fluctuations in the applicable tax framework, recruitment difficulties, currency risk, etc.), and it cannot be ruled out that the Group's profitability and prospects could be affected by a slowdown in its productivity caused by these difficulties.

If these risks materialise, they could adversely affect the Group's business, financial position, results and/or financial prospects.

Risk management. To limit this risk, the Group strives to (i) systematise its internal processes so that they can be easily duplicated from site to site; (ii) recruit employees with international experience; implement a global HR policy and plans for upgrading the skills and training of future recruits at sites to be established abroad; (iii) ensure that the location of future sites is chosen in such a way as to limit as far as possible the constraints imposed by the site on the production schedule; (iv) involve, where appropriate, the local partner in the ownership of the plant to align its long-term interests. The Group pays particular attention to the choice of its partners: due diligence work is carried out regularly, sometimes with the support of third-party organisations, including on the ethical aspect.

Risks associated with building and start-up of plants

With the commissioning of its first plant, the Group is scaling up processes that have been proven in the pilot and pre-industrial stages. During both the construction and operating phases, the Group cannot rule out the possibility that it may face difficulties of various kinds, including (but not limited to) i) longer than expected construction times and therefore late start-up; ii) longer than expected plant start-up and ramp-up times; iii) lower-than-expected yields than anticipated in the projections made by the Group and iv) other unexpected difficulties, particularly in the context of its international expansion. This risk, which is inherent in the transition to industrial scale, is expected to diminish as the Group's production and development progress. However, if such a risk were to materialise, it could adversely affect the Group's business, financial position, results and/or financial prospects.

Risk management. To limit the risk, the Company has conducted tests at the pilot and pre-industrial stages, in particular with certain suppliers whose technologies were used in the Group's first plant. In addition, the Group has chosen to use equipment that has already been operated and industrially tested at significant sizes and scales. The Company's projected budget also takes into account the relatively long ramp-up time for the first plant (2 years). Lastly, the Group's international developments will benefit from the experience gained from the first AFYREN NEOXY plant, and from the recent recruitment of employees experienced in international project management.

3.9.3 FINANCIAL RISKS

Risks associated with liquidity, financing needs and debt

Liquidity risk

As of 31 December 2022, the Company's cash and cash equivalents amounted to €62.3 million, it being specified that on that date, the Company's financial debt amounted to €8.1 million, of which the current portion was €4.9 million. This very positive financial position is the result of a capital increase as part of the Company's IPO on Euronext Growth Paris in October 2021, in order to finance its strategic developments. For 2022, the Group will have consumed cash of €4.8 million, of which more than €2 million is attributable to R&D and development costs for future plants. The Company's annual cash requirements are therefore largely covered as of the date of the Annual Financial Report.

Risks associated with financing requirements and debt

The business model chosen by the Company entails significant financing requirements to build new plants and finance product development and marketing. This model therefore assumes that the Group is able to (i) have access to various sources of financing (equity contributions, borrowing of all kinds, grants) and (ii) optimise its financial structure.

The Company is exposed to a number of risks in connection with its debt, including the unavailability of the necessary funds, and a deterioration in borrowing conditions, whether financial or in terms of the specific conditions attached to it (covenants, guarantees, etc.). This risk will evolve as the Group's overall debt level increases.

If the funds needed for its development are not available under satisfactory conditions, the Group may have to limit its production or development in new markets, which would affect its activities, financial position, results and/or financial prospects. It should be noted that as of the date of this Annual Financial Report, the AFYREN NEOXY plant is fully financed and that the issue only concerns the development and construction of the next plants.

Risk management. To limit liquidity risk, the Group draws up a forecast of its needs and ensures that its funding is adequate at all times. To limit the risks associated with financing needs, the Group seeks to diversify its sources of financing. In addition to bank debt, the Company's initial public offering in October 2021 gave it access to new sources of financing. The Group is committed to maintaining strong relationships with its existing investors (shareholders, banking partners) and to developing new ones to prepare for the future. The Group pays particular attention to the distribution of its financing lines and to the specific conditions attached to them: the loan agreements currently in force do not contain any covenants or guarantees.

Foreign exchange risks

Given the Group's international development outside the Eurozone, it is exposed to currencies other than the euro, the Company's reporting currency, in particular the US dollar and other currencies with varying degrees of correlation. Once its international subsidiaries are in operation, the Company will be exposed to operational transaction risk and translation risk.

Risk management: the Group will examine ways of establishing a natural hedge for its activities, for example by obtaining financing in local currency, and by establishing an appropriate hedging policy for the residual part.

3.9.4 REPUTATIONAL RISK

The Group conducts its business by emphasising its technology, which is as environmentally friendly as possible, and its concern to contribute to the global effort to reduce CO_2 emissions, and in particular the estimates showing that greenhouse gas emissions from its production are only one-fifth of those generated by equivalent petroleum-based acids on the market. This issue is of great interest to the new generations and generates considerable media attention. The dissemination of information is also amplified by the use of social networks that allow real-time reactions and, consequently, immediate aggregation of information from multiple sources for a given audience.

In this context, the Group is naturally exposed to the risk of general criticism (in particular "greenwashing") affecting an entire industry and (i) based on erroneous, truncated or oversimplified information (ii) that concerns the Group's competitors to whom it is mistakenly compared. It should also be noted that the Group itself contributes to CO2 emissions, due to its industrial activity (such emissions are nevertheless reduced by 80% compared to equivalent petroleum-based acids on the market).

It cannot be ruled out that an employee who is dissatisfied with the conditions under which his/her contractual relationship with the Group ended may attack the Group on social networks, which may resonate with users that focus on management issues within young innovative companies.

In the normal development of its activities, the Group works closely with external stakeholders (customers, suppliers, partners). It cannot be ruled out that a reputational attack - whether justified or not - on one of these stakeholders could harm the Company's image.

Lastly, on the occasion of its IPO in October 2021, the Group unveiled medium-term objectives and a roadmap to achieve them. It cannot be ruled out that the Group may encounter difficulties in the execution of its strategy, exposing itself to criticism, particularly from the financial community and its representatives (specialised press, stock market forums, etc.).

Criticism or attacks could have a negative impact on the Group's image, with consequences for its business, financial position, results and/or financial prospects.

Risk management. To limit this risk, the Group ensures that it regularly provides information and education on its activities. This work aims to ensure that the information published about the Group is accurate by relying, inter alia, on external expertise or reports. To this end, the Company has recruited a CSR, Communication and Public Affairs Director. In this way, the Group ensures that the markets it targets are aware of its approach and that it regularly provides relevant information on the nature of its business. The Group also uses social networks to communicate about its activities and therefore remains particularly vigilant about the nature of the information circulating about it, so that it can react quickly with the appropriate action plan. The Group is particularly committed to ensuring that all its employees respect its core values (commitment, agility, humility), thereby limiting the risk of criticism from dissatisfied employees. Also, the Company is working on the establishment of various reference documents (ethics charter, sustainable and responsible purchasing policy, supplier code of conduct) currently being finalised, aimed at providing a framework for the selection of partners.

3.9.5 HUMAN RESOURCES RISKS

Risks associated with the management of the Group's recruitment needs

Thanks to its growth, the Company is recruiting a large number of employees, some of whom are considered crucial for the company. By way of illustration, the Group created nearly 40 permanent jobs in 2022 and has strengthened its management team at Group level.

The Group could find it difficult to attract the best talent and to get its new employees to adhere to the core values highlighted since its creation (commitment, agility, humility), which could have the effect of reducing the overall productivity and overall motivation of the Group's employees, as a result of a weakening of the link that enables employees to make a major contribution to the Group's project.

In such a case, the Group's results could be affected, which would have the effect of adversely affecting its business, financial position, results and/or financial prospects.

Risk management. To limit this risk, the Company is committed to a consistent and proactive human resources policy, based on strong internal communication. From the time of recruitment, the Group's core values are emphasised. The Group also wants to implement a policy to develop and retain talent, by working on the quality of life at work, benefits policies and skills development. In addition, the Group's highly innovative nature and the ambition of its model, which respects the planet and the environment, and the agility of its modes of governance are strong factors in enhancing the Group's employer brand and attracting highly qualified people who share this ambition. This effort on the Human Resources policy is also reflected in the recruitment of a Group Human Resources Director in December 2022, to structure the organisation and implement a global human resources policy within the Group, in line with the company's strong culture and values.

Risks associated with the need to retain key people

The Company's performance still relies heavily on the strategy developed by the Company's founding team (CEO and CTO) and its close colleagues. In this respect, in the event of a departure, the loss of skills could hinder the Company's ability to achieve its objectives and implement its strategic plan.

Risk management. To limit this risk, the Company has taken care to recruit a management team made up of diverse profiles that complement those of the founders, and to implement a dynamic compensation policy based on the achievement of multi-year objectives. The Group is also working to develop the skills of its employees to secure the organisation's key skills and positions.

3.9.6 RISKS ASSOCIATED WITH CYBERCRIME AND INFORMATION SYSTEMS

The Company’s information system is exposed to the risk of hacking, which may be aimed at obtaining a ransom or stealing the Company's sensitive data and, more generally, to attack the Group's digital security, as current events show that all business sectors are potential targets. Furthermore, the plant operated by AFYREN NEOXY and future plants operate automated systems, based on the use of data required for the steering and control of production, maintenance management, sales activity and finance.

In the event of a cyber-attack on the Company or its plants, the Group could be exposed to the risk of payment of a ransom of a potentially significant amount, loss of sensitive data or interruption of automated systems leading to a paralysis of production. The automated systems could also be subject to a breakdown, slowdown or interruption, which could lead to production paralysis. This would have the effect of adversely affecting the Group's business, financial position, results and/or financial prospects.

More generally and regardless of the means used, the Group is exposed to the risk of fraud, including, but not limited to “CEO Fraud ” (an unknown third party impersonating the CEO making a request for an urgent payment), etc.

Risk management. To limit this risk, the Company has implemented measures to ensure the reliability and security of its IT systems, in particular by choosing to outsource the consistent design of the IT architecture and its operation to a specialised facilities management company. The industrial network used to control the plant equipment is physically separated from the general network to guarantee total service continuity for local use even in the event of damage to the main system.

In addition, all software and IT solutions (firewall, routers, Wi-Fi repeaters) hardware and software (antivirus, hard disk encryption solutions) used to manage the company's activities have been selected and integrated into the overall architecture with the facilities management company in charge of the Security Insurance Plan (SIP). Fake phishing campaigns are carried out at regular intervals to test the Company's teams, and more generally, the training of employees on the security aspect is an integral part of the company's IT and cybersecurity policy. The Company also relies heavily on the recommendations of the ANSSI. Also, the Company has taken out a Group-wide cyber insurance policy with an international insurer covering the digital risks that the Group may incur and has prepared a remediation plan in the event of a cyber-attack.

3.9.7 LEGAL AND REGULATORY RISKS

Risks related to the regulatory environment

As the Company operates in an emerging market (production of biobased carboxylic acids), it cannot rule out the risk of a change in regulations that would increase the constraints to which it is exposed in its production activity, in the operation of an industrial site dedicated to the manufacture of such products, and in the marketing with access to the market for its products. The Company's performance therefore depends on the stability of regulations regarding product, environmental, public health and safety compliance at an industrial site. For example, and for its products intended for food applications (flavourings), the Company must comply with Regulation (EC) No 1334/2008 of the European Parliament and of the Council of 16 December 2008 on flavourings and certain food ingredients with flavouring properties for use in and on foods.

The entry into force of new regulations could have an adverse impact on the Group's control of its production and sales schedule for its products, and therefore on its ability to meet its deadlines with its customers.

Risk management. To improve its understanding of the regulatory context in which it operates, the Company has set up an in-house working group under the responsibility of a regulatory affairs manager recruited in 2022, and also relies on external expertise (leading specialised consulting firms) and the Legal Department. The Company pays particular attention to provisions relating to regulatory obligations in commercial contracts.

Intellectual property risks

The Company's innovative and unique positioning is based on the patents and know-how it holds, for which it has filed a patent application, and the know-how it has developed. In this respect, the Company's intellectual property protection policy is essential to the achievement of the Company's strategic plan.

The Company's success therefore depends, among other things, on its ability to obtain, maintain and protect its patents, trademarks, logos and know-how. It cannot be ruled out that the Company may be unable to develop new patentable inventions, that the validity of its patents may be challenged, that it may not be granted patents for which it has filed applications (which constitute a significant part of its current protection portfolio), that it may not benefit, thanks to the patents filed, from sufficiently broad protection to secure its competitive position.

Furthermore, the Company cannot be certain that the confidentiality of its know-how (by definition non-patentable) or its industrial secrets will be effectively guaranteed by the protections put in place, and that in the event of a breach, satisfactory remedies may be exercised. The confidentiality of this know-how could also be affected in the event of theft or loss of computer data.

In addition, the Company's competitors could infringe its patents or other intellectual property rights or circumvent them through design innovations. To prevent counterfeiting, the Company could take actions that would be costly and mobilise its teams. The Company may not be able to prevent the misappropriation of its intellectual property rights, the unauthorised use of which is difficult to control.

It should also be noted that the process developed by AFYREN is based on the production of natural, non-genetically modified microorganisms that cannot, by their very nature, be patented. It cannot therefore be ruled out that AFYREN's competitors integrate the use of these natural microorganisms in their own processes.

Any exploitation of a new technology presents the risk of being faced with third-party rights that hold patents on key elements of the technology and hinder its development. To date, the Company has not identified any third-party rights likely to oppose the use of its innovations. Technological monitoring of patent databases depends on the accuracy of the information in these databases and there is always a risk that the Company may not have identified third-party patents. The occurrence of any of these events concerning the Company's intellectual property rights could have a material adverse effect on the Company, its business, financial position, results, prospects or development.

Risk management. To limit this risk, the Company has entrusted the management of the patent portfolio, consisting of ten families published to date, to a firm of intellectual property advisors who ensure that they are filed in the relevant countries in order to provide the right level of protection and carries out and maintains regular watch on published patent applications in the field. The active policy pursued by the Company to protect its innovations creates a favourable context for minimising risks to potential patents and patent applications from third parties. The procedures for examining the Company's various patent families and patent applications have not revealed any previous patents that could prevent the Company from exploiting its innovations.

The Company limits as much as possible the granting of licences on its know-how (in its model, these licences will only be granted within the Group) and ensures that its employees' employment contracts contain enforceable intellectual property rights assignment clauses and confidentiality clauses limiting the risk of disclosure of know-how. The actions taken to strengthen the IT security of AFYREN's system allow to prevent theft or loss of computer data.

3.10 RISK MANAGEMENT AND INTERNAL CONTROL PROCEDURES IMPLEMENTED BY AFYREN FOR THE PREPARATION AND PROCESSING OF ACCOUNTING AND FINANCIAL INFORMATION

The Company ensures that internal control and risk management measures relating to the preparation and processing of accounting and financial information are properly implemented. The Company gives priority to risk control at each stage of the preparation and processing of accounting and financial information.

3.11 ALTERNATIVE PERFORMANCE INDICATORS

In addition to accounting aggregates, management has identified several alternative performance indicators (“APIs”) to monitor the performance of its activities, including two financial indicators, production revenues and EBITDA margin (current and current production). These financial indicators are not representative for the 2022 financial year as the Company has not recorded any significant net income, but they should eventually make it possible to monitor the economic performance of each of the production units, and the Group's overall development.

(I) Production revenue indicator

Production revenues are understood to be at the level of the plants owned by the Company's subsidiaries or holdings, and are used to measure both the operational and commercial performance of production.

The Company's revenues, as an accounting aggregate, are based on a different logic since they also depend on the plant consolidation policy.

(II) Current EBITDA margin indicator

The current EBITDA margin is measured in relation to revenues.

Current production EBITDA is defined at plant level and corresponds to current operating income adjusted for depreciation, amortisation and net impairment of property, plant and equipment and intangible assets and, where applicable, the annual fixed amount of royalties relating to the remuneration of a technology licence granted by AFYREN (including both the fixed and variable portions). This APM measures the asset's operating profitability, including all operating costs, regardless of its financing or investment policy.

Current EBITDA is understood to be at the Company level and corresponds to current operating profit restated for depreciation and amortisation and net impairment of property, plant and equipment and intangible assets. This API, which also depends on the plant consolidation policy, is also used to measure of the Company's ability to manage its structural costs to continue to develop technology and to develop and operate its plants.

(III) Non-financial indicators

In addition to financial indicators, AFYREN publishes or plans to publish indicators of a more operational nature or relating to its ESG performance. These indicators are likely to change as the Group develops

Committed and installed capacity indicators

These indicators tracks acid production capacity (in kilotonnes) at two stages of completion: (i) committed capacity (for projects that have passed a number of stages (market study, feasibility, site selection, etc.) in the plant preparation process, and (ii) installed capacity (i.e. after industrial commissioning).

ESG performance monitoring indicator(s)

As of the date of this Annual Financial Report, the Company is considering using non-financial indicators to monitor its ESG (environmental, social and governance) performance, some of which are detailed in chapter 5 "Sustainable Development" of this Annual Financial Report.

3.12 REVIEW OF FINANCIAL STATEMENTS AND RESULTS

The reader is invited to read the following information relating to the Company's financial position and results together with the Annual Financial Report as a whole and in particular the Company's annual financial statements (Appendix 1) prepared for the purposes of the Annual Financial Report for the financial years ended 31 December 2022 and 31 December 2021, which have been audited by the statutory auditor whose reports are also presented in Appendix.

The Company has prepared financial statements in accordance with International Financial Reporting Standards (IFRS) for the purposes of the Annual Financial Report for the financial years ended 31 December 2022 and 31 December 2021.

The comments on the financial statements below are based solely on these financial statements.

in € thousands	2022.12	2021.12
Revenues	3,456	3,036
Other income	460	410
Purchases and external expenses	(2,396)	(1,565)
Personnel costs	(6,104)	(3,364)
Depreciation of fixed assets and rights of use	(629)	(612)
Other expenses	(158)	(81)
Current operating income	(5,371)	(2,176)
Non-current operating income	-	-
Operating income	(5,371)	(2,176)
Net financial income	(166)	(403)
Share in income of equity-accounted company (net of tax)	(3,662)	(1,029)
Income tax	-	-
Net income for the year	(9,200)	(3,609)

3.12.1 REVENUES

In € thousands	2022.12	2021.12
Licence and development of industrial know-how	1,417	1,417
Other services	2,039	1,619
Total revenues	**3,456**	**3,036**

The Company's revenues increased by 14% from €3.0 million in 2021 to €3.5 million in 2022.

Change in revenues by type

Revenues are essentially made up of:

- income from patent and know-how licenses granted to AFYREN NEOXY since December 2018 for a total of €1.4 million, unchanged in 2022 compared with 2021;
- various contracts for the provision of services (technical, commercial, administrative, etc.) entered into with AFYREN NEOXY for a total of €2 million, , up compared with 2021 because of various technical services provided in the context of the start-up of the plant.

The accounting treatment and components of revenues are detailed in note 6.2to the IFRS financial statements for the year ended 31 December 2022 in Appendix 2.

3.12.2 CURRENT OPERATING INCOME

Operating expenses

Net current operating expenses[12] amounted to €8.8 million compared with €5.2 million at the end of 2021, an increase of €3.6 million.

This increase was mainly attributable to:

[12] Net of other income, mainly operating grants including in particular the research tax credit. This item is detailed in Note 6.4 "Other income" of the IFRS financial statements for the year ended 31 December 2022 in Appendix

- an increase in personnel expenses of €2.7 million, including a significant portion of non-cash IFRS expenses related to the recognition of long-term incentive plans for executives and employees set up in 2021 and 2022, with the balance due to the increase in the number of employees, with the average number of full-time equivalents (FTE) increasing from 26 to 32 over the year (excluding AFYREN NEOXY);
- purchases and external expenses, up €0.8 million, including costs related to the first full year of listing.

These expenses include €0.5 million related to development costs for the Group's future plants. In addition, research and development spending recognised as expenses increased from €1.4 million in 2021 to €1.8 million in 2022.

These items are detailed in Notes 6.4 and 6.5 to the IFRS financial statements for the year ended 31 December 2022 in Appendix 2.

Current operating income

After recognition of other expenses[13] of €(0.2) million, current operating income was therefore €(5.4) million, the increase in expenses being partially offset by the increase in revenues.

3.12.3 FORMATION OF NET INCOME

Net financial income

Financial income, which mainly includes interest expenses related to the Company's financial debt and interest related to IFRS restatements (on convertible bonds and on licence agreement), improved by €0.2 million, mainly due to financial income from the investment of cash and cash equivalents, with financial expenses falling slightly.

Share in income of equity-accounted company (net of tax)

The share accounted for in AFYREN NEOXY's net income was €(3.7) million at the end of 2022 compared with €(1.0) million at the end of 2021. This change is mainly related to the plant's operating expenses, in the absence of revenues. AFYREN NEOXY will recognise revenues when acid batches are delivered to its customers.

The reader is invited to refer to Note 5 of the IFRS financial statements for the year ended 31 December 2022 in Appendix 2.

In 2022, AFYREN NEOXY's overall net income was (€7.2) million compared with (€2.0) million in 2021.

At the end of 2022, AFYREN NEOXY's non-current assets amounted to €69.8 million, mainly including the plant's assets under construction as well as the know-how licence granted by AFYREN for €10.6 million. AFYREN NEOXY's cash and cash equivalents amounted to €8.4 million.

Current assets amounted to €10.5 million at the end of December 2022, and mainly comprise receivables for grants receivable, including the BBI grant for €6 million.

[13] Other expenses correspond to depreciation expenses on fixed assets and the right of use associated with leases as well as various expenses.

Net income

Net income was €(9.2) million at the end of 2022 compared with €(3.6) million at the end of 2021: : the net loss is in line with the company's expectations, in a phase where AFYREN and AFYREN NEOXY teams are fully mobilised for the start-up of the first plant and the preparation of the next one.

3.12.4 INFORMATION ON THE SHARE CAPITAL, CASH AND FUNDING SOURCES

AFYREN's sources of financing are mainly the capital increase carried out at the time of the Company's IPO in October 2021, and more generally the equity contributed by AFYREN's investors as well as bank loans taken out with credit institutions, repayable advances and loans from Bpifrance.

Financial debt and cash

in € thousands	**2022.12**
Convertible bonds	**3,412**
Other borrowings	**4,714**
Of which State guaranteed loan (PGE)	*2,349*
Of which repayable advances	*604*
Of which other borrowings	*1,521*
Of which accrued interest	*242*
Total borrowings	**8,128**
Lease liabilities (IFRS 16)	**411**
Total borrowings and financial liabilities	**8,539**
Total cash and cash equivalents	**62,333**

At the end of 2022, AFYREN's total financial debt was very limited, at €8.5 million including lease liabilities and €8.1 million excluding lease liabilities. The Group has a cash position of €62.3 million which enables it to meet its obligations and finance its future developments.

See Notes 13 (Cash and cash equivalents), 16 (Borrowings, financial liabilities and lease liabilities), and 18 (Financial instruments and risk management) to the IFRS Financial Statements for the year ended 31 December 2022 in Appendix 2.

3.12.5 CASH FLOW

Simplified cash flow statement

in € thousands	**2022.12**	**2021.12**
Net income for the year	**(9,200)**	**(3,609)**
Depreciation of fixed assets and rights of use	629	612
Net financial income	166	403
Share in income of equity-accounted company (net of tax)	3,662	1,029
Cost of share-based payments	2,412	329
Other	7	(87)
Cash flow	**(2,323)**	**(1,322)**
Net change in WCR	(973)	(1,393)
Net cash from operating activities	**(3,296)**	**(2,715)**
Net cash used in investing activities	**(362)**	**(436)**

Net cash used in financing activities	**(1,138)**	**60,770**
Net change in cash and cash equivalents	**(4,795)**	**57,619**

Change in working capital requirement (WCR)

in € thousands	**2022.12**	**2021.12**
Trade receivables	(167)	(314)
Customer contract liabilities	(1,272)	(1,227)
Trade payables	(126)	365
Provisions and employee benefits	38	30
Other current receivables/payables	554	(248)
Total changes	**(973)**	**(1,393)**

In 2022, the change in WCR improved slightly compared to 2021, in particular due to “other receivables”.

Cash flow from investing activities

As of 31 December 2022, net cash used in investing activities mainly includes acquisitions of property, plant and equipment, mainly for R&D activities, capitalised R&D, net of interest received from the investment of the Group’s cash.

As of 31 December 2021, it mainly corresponded to the €300 thousand payment made by the Company in connection with the implementation of its liquidity contract with NATIXIS and ODDO BHF SCA.

Cash flow from financing activities

As of 31 December 2022, net cash used by financing activities mainly reflects repayments of loans and borrowings (principal and interest) as well as lease liabilities.

As of 31 December 2021, the sharp increase net cash used in financing activities is mainly due to the capital increase carried out at the time of the IPO.

New borrowings and repayments are described in Note 16 (Borrowings, financial liabilities and lease liabilities) and Note 18.3.3 on liquidity risk in the notes to the IFRS financial statements in Appendix 2.

3.12.6 INFORMATION ON BORROWING CONDITIONS AND FUNDING STRUCTURE

Group financial liabilities as of 31 December 2022

in € thousands	Currency	Variable/fixed interest rate	Maturity year	Nominal value	2022.12 Carrying amount	2021.12 Carrying amount
Convertible bonds	EUR	Fixed rate	2023	3,567	3,412	3,444
Total convertible bonds				**3,567**	**3,412**	**3,444**
State guaranteed loan (PGE) - BNP	EUR	Fixed rate	2026	780	699	797
State guaranteed loan (PGE) - BPI	EUR	Fixed rate	2026	300	281	300
State guaranteed loan (PGE) - BPAR	EUR	Fixed rate	2026	780	685	782
State guaranteed loan (PGE) - CA	EUR	Fixed rate	2026	780	683	780
Total state guaranteed loans (PGE)				**2,640**	**2,349**	**2,659**
BPI PAI 1 repayable advance	EUR	Average 3-month EURIBOR rate	2023	50	3	13
BPI PAI 2 repayable advance	EUR	Fixed rate	2024	150	45	75
BPI PAI 3 repayable advance	EUR	Fixed rate	2024	302	136	181
BPI PAI 3 repayable advance	EUR	Fixed rate	2025	198	119	149
BPI CMI2 repayable advance	EUR	Fixed rate	2024	573	302	408
Total repayable advances				**1,273**	**604**	**825**
BPI ADI Zero rate	EUR	Fixed rate	2024	690	276	380
Total equity loan	EUR	Fixed rate	2024	400	179	312
BPI R&D Innovation loan	EUR	Fixed rate	2027	750	750	750
BPI R&D Innovation loan	EUR	Fixed rate	2028	200	200	200
BPI Boehringer loan	EUR	Fixed rate	2027	75	64	-
BPI Prospecting insurance	EUR	Fixed rate	2029	52	52	-
Total other borrowings				**2,167**	**1,521**	**1,642**
Lease liability	EUR	Fixed rate		**411**	**411**	**145**
Accrued interest					**242**	**235**
Total				**10,058**	**8,539**	**8,950**

Convertible bond

In March 2020, the Company entered into an agreement to issue bonds convertible into shares with five financial investors under the following conditions:

- issue of 346,274 convertible bonds for a total amount of €3,567 thousand;
- nominal value of €10.30, fully paid up at the time of subscription;
- maturity at 31 March 2023;
- at maturity, repayment in cash or in a fixed number of shares;
- early repayment of principal and interest by the Company without penalties.

State guaranteed loans

The Company has taken out four state-guaranteed loans (PGEs) with Banque Populaire, Crédit Agricole, BNP and BPI on similar terms. These loans were taken out in May 2020 with BNP, and in June 2020 for the other banks for a total amount of €2.6m.

When they were taken out, these loans were subject to the following conditions: 12-month grace period on principal and interest followed by an instalment in arrears comprising principal repayment and payment of interest and the cost of the State guarantee.

For the first year, the contractual financing rate corresponds only to the 25bp cost of the State guarantee.

In March 2021, the Company requested and obtained a five-year extension for the four PGEs, including an additional one-year deferral.

The instalments at the end of the grace period are quarterly (and monthly for Banque Populaire) at the end of the principal grace period, i.e. from July/August 2022. The interest rates applied over the repayment period corresponding to the bank's refinancing cost (annual rate between 0.55% and 0.75%) plus the cost of the State guarantee (0.25% per year).

Repayable advances and interest-free loans

Repayable advances PAI 1, 2 and 3 benefit from deferred repayment of 12 quarters followed by repayment in 20 quarterly instalments in arrears.

- PAI 1: this repayable advance was taken out in July 2014 and has an annual interest rate of average 3-month EURIBOR;
- PAI 2: this repayable advance was taken out in August 2015 and has an annual interest rate of 5.84%;
- PAI 3 (€302 thousand): this repayable advance was taken out in May 2016 and has an annual interest rate of 4.40%;
- PAI 3 (€198 thousand): this repayable advance was taken out in February 2017 and has an annual interest rate of 4.67%;

CMI 2: this repayable advance taken out in August 2017 is repayable in quarterly instalments and bears no interest.

Other borrowings

AFYREN has taken out various loans with BPI and other long-term partners:

- BPI ADI zero rate: taken out in 2016 with an annual interest rate of 0%;

- BPI CMI: two tranches with a repayable advance and a grant, taken out in 2017. The repayable advance bears interest at an annual rate of 0%;
- A Total equity loan: taken out in 2018 with an annual interest rate of 1%;
- BPI Innovation R&D: taken out in 2019 with an annual interest rate of 0.63%;
- BPI Innovation R&D: taken out in 2021 with an annual interest rate of 0.71%;
- A Banque Populaire AURA loan under the BOEHRINGER revitalisation scheme taken out in 2022 at an annual rate of 0%;
- A prospecting insurance with BPI with a repayable advance taken out in 2022.

Lease liabilities

Property leases and leases falling within the scope of IFRS 16 are restated as if the corresponding assets had been acquired and financed through loans. Non-current assets are recorded on the line "Right of use" in the balance sheet. The corresponding liabilities are recorded under "Lease liabilities".

3.12.7 INVESTMENTS

Main investments made

The Company did not make any significant investments during the past financial year. It is executing its budget, which includes improving the equipment of its production pilot and preparing the next plants for which investments have not yet been made.

As a reminder, the investments concerning the Group's first plant are carried by AFYREN NEOXY, thanks to secured financing including equity, debt and grants, and enabling it to meet all its needs (construction, production start-up and change in WCR).

Major investments underway or firmly committed to, and how they will be financed

The main investments in progress correspond to the finalisation of the AFYREN NEOXY construction work as well as additional reliability work. The additional investments considered are within the original construction budget for the plant.

3.13 INFORMATION ABOUT THE PARENT COMPANY

3.13.1 NEWS AND RESULTS

in € thousands	**2022.12**	**2021.12**
Revenues	860	882
Operating income	(4,143)	(2,811)
Net financial income (expense)	(121)	(299)
Non-current income	8	176
Corporate income tax	365	239
Net income	(3,892)	(2,695)
Equity	76,676	80,610
Of which share capital	*517*	*515*
Financial liabilities	8,618	9,191
Cash and cash equivalents	62,333	67,128

Revenues were €860 thousand in 2022, down slightly from 2021, due to the decline in technical services to third parties.

Operating expenses increased, in particular wages and salaries and other external expenses, leading to a decrease in operating income to (4,143) thousand euros in 2022.

Net income amounted to €(3,892) thousand, the decrease compared to 2021 being attributable to the fall in operating income.

3.13.2 NON-TAX-DEDUCTIBLE EXPENSES

In accordance with the provisions of Article 223 *quater* of the French General Tax Code, we hereby inform you that no non-tax-deductible expenses were incurred during the past financial year.

In addition, none of the general operating expenses referred to in Articles 39-5 and 223 quinquies of the French General Tax Code that do not appear on the special statement were incurred.

3.13.3 AMOUNT OF OVERHEADS REINTEGRATED FOLLOWING A TAX ADJUSTMENT

None.

3.13.4 TABLE OF FINANCIAL RESULTS

	2022.12	2021.12	2020.12	2019.12	2018.12	2017.12
I. Financial position at year-end (in thousands of euros)						
a) Share capital	**517,371**	**515,240**	349,513	195,146	193,896	142,440
b) Number of shares comprising the share capital	**25,868,568**	**25,762,024**	3,495,133	1,951,461	1,938,961	1,424,400
Number of shares issued with a nominal value of €0.02	**25,868,568**	**25,762,024**				
Number of shares issued with a nominal value of €0.10			3,495,133	1,951,461	1,938,961	1,424,400
c) Number of bonds convertible into shares	**346,274**	**346,274**	346,274			
II. Overall result of actual operations (in € thousands)						
a) Revenues excluding tax	**859,999**	**882,264**	1,870,966	363,491	14,859	4,506
b) Earnings before tax, depreciation, amortisation and provisions	**-3,552,660**	**-2,464,643**	- 751,166	- 1,051,416	- 898,468	- 688,840
c) Corporate income tax	**364,791**	**239,037**	212,997	368,434	469,726	297,262
d) Earnings after tax, depreciation, amortisation and provisions	**-3,891,655**	**-2,695,004**	- 992,121	- 1,139,419	- 495,241	- 481,504
e) Amount of distributed earnings	**0**	**0**	0	0	0	0
III. Earnings per share (in euros)						
a) Earnings after tax but before depreciation, amortisation and provisions	**- 0.12**	**- 0.09**	- 0.15	- 0.35	- 0.22	-0.27
b) Earnings after tax, depreciation, amortisation and provisions	**- 0.15**	**- 0.10**	- 0.28	- 0.58	- 0.26	- 0.34
c) Dividend paid per share	**0**	**0**	0	0	0	0
IV. Personnel (in € thousands)						
a) Number of employees	**32**	**30**	20	14	11	8
b) Payroll costs	**2,821,804**	**2,224,746**	1,835,998	1,324,447	759,016	379,258
c) Amount paid for social benefits (social security, services, etc.)	**1,108,075**	**841,780**	731,209	367,911	166,025	54,297

3.13.5 ACQUISITIONS OF EQUITY INTERESTS AND CONTROLLING INTERESTS AT YEAR-END

None.

3.13.6 REFERENCE TO PAYMENT TERMS FOR SUPPLIERS AND CUSTOMERS

Article D. 441-6, I-1°: Invoices received and due but not paid at year-end, by number of days overdue

	0 days (indicative)	1 to 30 days	31 to 60 days	61 to 90 days	91 days and more	Total (1 day or more)
(A) Late payment lengths						
Number of invoices concerned	41	0	0	0	1	1
Total amount of invoices concerned incl. VAT (	97,522	0	0	0	6,000	6,000
Percentage of total purchases incl. VAT for the year	3.22%	0%	0%	0%	0.20%	0.20%
(B) Invoices excluded from (A) relating to disputed or unrecognised liabilities						
Number of invoices excluded	0	0	0	0	0	0
Total amount of invoices excluded	0	0	0	0	0	0
(C) Reference payment terms used (contractual or legal - Article L.441-6 or Article L.443-1 of the French Commercial Code)						
Payment terms used to calculate late payments	30 days from invoice date					

Article D. 441-6, I-2°: Invoices issued and due but not paid at year-end, by number of days overdue

	0 days (indicative)	1 to 30 days	31 to 60 days	61 to 90 days	91 days and more	Total (1 day or more)
(A) Late payment lengths						
Number of invoices concerned	4	0	0	0	0	0
Total amount of invoices concerned incl. VAT (1)	294,155	0	0	0	0	0
Percentage of total sales incl. VAT for the year	13.12%	0.00%	0.00%	0.00%	0.00%	0.00%
(B) Invoices excluded from (A) relating to disputed or unrecognised liabilities						
Number of invoices excluded	0	0	0	0	0	0
Total amount of invoices excluded	0	0	0	0	0	0
(C) Reference payment terms used (contractual or legal - Article L.441-6 or Article L.443-1 of the French Commercial Code)						
Payment terms used to calculate late payments	30 days from invoice date					

AMOUNT OF LOANS WITH A MATURITY OF LESS THAN THREE YEARS GRANTED BY THE COMPANY

None.

3.13.7 INTERCOMPANY LOANS

None.

3.14 FORESEEABLE DEVELOPMENTS AND OUTLOOK

3.14.1 BUSINESS TRENDS

The Company's ambition is to provide the market with a biobased alternative to organic acids, which are currently produced mainly from petroleum-based sources. The technology developed by AFYREN allows the production of these molecules in a biobased way, with a carbon footprint divided by five compared to that of products from petrochemical industry production cycles[14].

The Company's objective is to build and operate production capacity for these molecules, targeting regions that account for a significant share of the global market, including Europe (35% of global demand for C3 to C6[15]), Asia (25% of demand) and North America (27% of demand).

As of the date of this Annual Financial Report, AFYREN NEOXY, the first industrial-scale production unit using AFYREN technology, is making certain production steps more reliable, with a view to launching the industrial production of its biobased organic acids. Once industrial production begins, AFYREN plans to gradually ramp up volumes to produce 16,000 tonnes of carboxylic acids per year at full capacity, generating overall annual revenues (including fertiliser sales) of approximately €35 million[16]. The target EBITDA current production margin for this plant at full capacity is 25%. AFYREN NEOXY's break-even point (positive current production EBITDA margin) is still predicted for 2023, taking into account current estimates for the start of production and ramp-up.

AFYREN is also involved in the preparation of a second plant on the Asian continent. This project was launched in partnership with Mitr Phol, a leading Thai group in the production of cane sugar and its derivatives. It should lead to the construction of a second industrial-size production unit (28,000 tonnes of installed capacity), targeting production revenues of around €60 million and a current EBITDA margin of 30-35%[17] at full capacity. Production is expected to start in 2025, and the timetable will be specified at the end of the engineering studies scheduled for the second half of 2023. AFYREN aims to achieve the Group's break-even point (current EBITDA) with this second plant at full capacity.

Lastly, as of the date of this Annual Financial Report, the Company is analysing various scenarios for the Company's third plant, which could take the form of an expansion of AFYREN NEOXY or a project at a new site in North America.

At the same time, AFYREN continues to invest in its R&D, in order to extend the portfolio of products offered beyond the seven organic acids already developed.

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[14] Environmental footprint of AFYREN's products via Life Cycle Assessment, Sphera, March 2021 (https://AFYREN.com/wp-content/uploads/2021/04/210402-AFYREN-LCA-analysis-April2021.pdf)

[15] Source: "Carbioxylic Acids Market: Global Industry Analysis, Size, Share, Growth, Trends and Forecast, 2015-2023", Transparency Market Research

[16] Before inflation-related price increases

[17] Current production EBITDA is defined at the production unit level and corresponds to current operating income adjusted for depreciation, amortisation and net impairment of property, plant and equipment and intangible assets and, where applicable, the annual fixed part of royalties relating to the remuneration of a technology licence granted by AFYREN

3.14.2 FINANCIAL OUTLOOK AND OBJECTIVES

	IPO (2021)	Today	Mid-term (2027e)
# of sites			
Acids: committed capacity (kt)	16	28	-
Acids: installed capacity (kt)	-	16	72
Plant cumulative sales	-	-	>€150m annual sales[1]
Target EBITDA margin[2]	-	-	~30%

Notes:
1. *Consolidated sales (with AFYREN NEOXY at 100%) estimated before any potential price increases;*
2. *AFYREN recurring EBITDA margin is understood at company level*

As part of its growth strategy, the Company aims to achieve the following by 2027:

- three production sites (plants) with a combined installed capacity of around 72,000 tonnes
- cumulated production revenue from the three plants of more than €150 million
- a target current EBITDA margin at Group level of around 30%

These objectives are sensitive to certain variables, in particular:

(i) a timetable for the construction, commissioning and ramp-up of plants 2 and 3, depending on feedback from AFYREN NEOXY, engineering studies for plant 2, and the choice for plant 3 between an AFYREN NEOXY extension scenario or establishment on a new site

(ii) the direct and indirect effects of the macro-economic context, in particular the availability of equipment and materials during the construction phase and the impact of the energy crisis on plant operating costs and sales prices, the latter tending to offset each other. AFYREN proposes a robust model in the face of petro-sourced competition, which influences prices for the entire market

3.15 SHARE CAPITAL AND SHARE OWNERSHIP

3.15.1 BREAKDOWN OF SHARE CAPITAL AND VOTING RIGHTS

The Company's share capital as of 31 December 2022 consists of:

	Total shares	
Number of shares:	**31.12.2022**	**31.12.2021**
Outstanding as of 1 January	**25,762,024**	**17,475,665**
Capital decrease	**-**	**-**
Capital increase	**106,544**	**8,286,359**
Outstanding as of 31 December - fully paid-up shares	**25,868,568**	**25,762,024**

In 2023, the Company's share capital was increased to €518.800,26 divided into 25.940.013 ordinary shares of €0.02 of nominal value each (cf. supra 3.8).

In 2022, the Board of Directors used the delegation of authority granted by the combined general meeting of 11 June 2021 to issue a total of 106,544 shares corresponding to the definitive vesting of the 2021 free share grants to various beneficiaries. These shares were issued on 12 December 2022, representing a nominal amount of capital increase of €2,130.88 deducted from the unavailable reserve account established for this purpose and the Company's share capital was increased from €515,240.48 to €517,371.36 divided into 25,868,568 ordinary shares.

In 2021, the Board of Directors used this same delegation of authority to issue 8,286,359 ordinary shares with a nominal value of €0.02 as part of a capital increase carried out in connection with the Company's initial public offering on the unregulated Euronext Growth market in Paris on 1 October 2021.

The Company's share capital and voting rights as of 31 December 2022 are distributed as follows:

	Number of shares	% of share capital on a non-diluted basis	Number of voting rights	% voting rights on a non-diluted basis
Nicolas Sordet	404,059	1.6%	779,353	1.9%
Jérémy Pessiot	725,876	2.8%	1,428,670	3.4%
Régis Nouaille	1,558,670	6.0%	3,116,920	7.4%
AFY partners	4,695,918	18.2%	8,078,166	19.3%
Sofinnova Industrial Biotech I	3,313,273	12.8%	6,127,793	14.6%
Hedgescope Ltd	2,854,950	11.0%	5,709,900	13.6%
Sofimac	1,219,415	4.7%	2,438,830	5.8%
BPI	1,657,271	6.4%	1,657,271	4.0%
Public	9,406,864	36.4%	12,540,898	29.9%
Treasury shares	**32,272**	**0.1%**	**32,272**	**0.1%**
Total	**25,868,568**	**100%**	**41,910,073**	**100%**

3.15.2 THRESHOLDS CROSSED AT THE END OF THE FINANCIAL YEAR

None.

3.15.3 NOTICE OF HOLDING OF MORE THAN 10% OF THE CAPITAL OF ANOTHER JOINT STOCK COMPANY. DISPOSAL OF CROSS-SHAREHOLDINGS.

None.

3.15.4 TREASURY SHARES

As of 31 December 2022, the Company does not hold any treasury shares and no shares in the Company are held by a third party on its behalf, other than shares traded for the purpose of stabilising the secondary market or the liquidity of the share through an investment service provider through a liquidity contract in accordance with the practice permitted by the regulations.

The liquidity agreement implemented with Natixis ODDO BHF is described below in paragraph 3.14.5.

3.15.5 MAIN CHARACTERISTICS OF THE COMPANY'S TRANSACTIONS IN ITS OWN SHARES

Liquidity agreement entrusted to Natixis ODDO BHF

AFYREN entrusted NATIXIS and ODDO BHF SCA, with effect from 1 November 2021, with the implementation of a liquidity and market surveillance agreement for its ordinary shares.

The purpose of this contract is for ODDO BHF SCA to promote the AFYREN share on the regulated market of Euronext in Paris. The amount allocated to its implementation is €300,000.

In accordance with the provisions of Article L.225-211 of the French Commercial Code, AFYREN discloses the details of the liquidity account of the share buyback programme as of 31 December 2022:

- 32,272 Company shares (0.1% of its share capital) with a nominal value of €0.02 per share and a value of €193,342 valued at the share purchase price;
- the amount of available cash is €71,038.

During the year ended 31 December 2022, 114,977 shares were purchased and 91,110 shares were sold under this liquidity contract. The average purchase price was €6.813 and the average sale price was €6.848.

3.15.6 DISPOSALS OF SHARES IN THE CASE OF CROSS-SHAREHOLDINGS

None.

3.15.7 EMPLOYEE SHAREHOLDING

As of 31 December 2022, 786,894 registered Company shares were held by Company employees.

In addition, in 2022, the Company issued 40,000 founder share warrants (BSPCE) and 20,000 share subscription warrants (BSA) to Company directors or employees.

As of 31 December 2022, no BSPCE or BSA had been exercised by current employees.

Furthermore, as part of its strategy of attracting and retaining the company's executives and employees, the Board of Directors implemented the authorisation granted by the combined general meeting of 11 June 2021, under the terms of the twenty-ninth resolution, to issue 257,620 free shares to each of the two executives and 17,969 free shares to four Company employees. Information on the grants is given in section 4 of this document, it being specified that for executives the acquisition of shares is subject to a condition of continued employment and, regarding the fourth tranche, market performance. It is spread over a period of 3 years.

Pursuant to Article L.225-102 of the French Commercial Code, it should be noted that at the end of the financial year, no shares in the Company's capital were held by employees as part of collective management.

3.15.8 TRANSACTIONS IN SECURITIES BY PERSONS WITH MANAGERIAL RESPONSIBILITIES

Summary statement of transactions referred to in Article L.621-18-2 of the French Monetary and Financial Code carried out during the last financial year:

Person concerned and position	Type of transaction	Date of the transaction	Amount of the transaction (in euros)	Number of shares
Christophe Calice, Director	Acquisition	07/10/2021	19,940	2,695
Christophe Calice, Director	Acquisition	21/02/2022	10,620	1,200
Jérémy Pessiot, CTO	Acquisition	12/05/2022	10,241	1,360
Christophe Calice, Director	Acquisition	14/06/2022	4,827	700
Jérémy Pessiot, CTO	Acquisition	14/06/2022	9,543	1,364
Christophe Calice, Director	Acquisition	07/07/2022	468	78
Christophe Calice, Director	Acquisition	11/07/2022	3,050	500
Christophe Calice, Director	Acquisition	13/07/2022	5,083	850
Christophe Calice, Director	Acquisition	18/07/2022	4,675	800
Christophe Calice, Director	Acquisition	21/07/2022	2,970	521
Christophe Calice, Director	Acquisition	22/07/2022	8,111	1,397
AFY PARTNERS SA	Acquisition	25/07/2022	1,666,939	283,493
Christophe Calice, Director	Acquisition	25/07/2022	7,421	1,259
Christophe Calice, Director	Acquisition	26/07/2022	5,873	1,000
Christophe Calice, Director	Acquisition	27/07/2022	2,996	500
Christophe Calice, Director	Acquisition	28/07/2022	2,196	360
Christophe Calice, Director	Acquisition	29/07/2022	6,160	982
Christophe Calice, Director	Acquisition	30/07/2022	725	94
Christophe Calice, Director	Acquisition	01/08/2022	4,186	658
Jérémy Pessiot, CTO	Acquisition	02/08/2022	109	17
Jérémy Pessiot, CTO	Acquisition	04/08/2022	54	8
Christophe Calice, Director	Acquisition	09/08/2022	987	150
Christophe Calice, Director	Acquisition	12/08/2022	2,310	350

Christophe Calice, Director	Acquisition	22/08/2022	4,555	614
Christophe Calice, Director	Acquisition	23/08/2022	2,856	386
Christophe Calice, Director	Acquisition	24/08/2022	7,059	960
Christophe Calice, Director	Acquisition	26/08/2022	339	46
Christophe Calice, Director	Acquisition	31/08/2022	3,213	426
Christophe Calice, Director	Acquisition	01/09/2022	6,098	800
Jérémy Pessiot, CTO	Acquisition	03/10/2022	1,105	182
Jérémy Pessiot, CTO	Acquisition	11/10/2022	600	100
Christophe Calice, Director	Acquisition	13/10/2022	5,690	1,000
Jérémy Pessiot, CTO	Acquisition	13/10/2022	564	100
Stefan Borgas, Chairman of the Board	Acquisition	29/12/2022	143,750	25,000

3.15.9 AMOUNT OF DIVIDENDS DISTRIBUTED OVER THE LAST THREE YEARS

There are no plans to introduce a dividend payment policy in the short or medium term, given the Company's stage of development, in order to mobilise the resources available to finance its growth plan.

The Company has not paid any dividends in respect of the last three financial years.

3.15.10 PROPOSED APPROPRIATION OF 2022 NET INCOME

Noting that the Company’s net income for the financial year ended 31 December 2022 amounts to €(3,891,655), we propose allocating it to the “Retained earnings” account, which would be reduced from €(5,828,201) to €(9,719,656).

Furthermore, we would like to inform you that a material error was made in the wording of the amount of the net income for the financial year 2021, which was €2,695,004 and not €2,695,040 as erroneously indicated in the minutes of the general meeting of 15 June 2022. This error had no impact on the appropriation of the 2021 net income.

3.16 MAIN RELATED PARTY TRANSACTIONS

The main transactions entered into are detailed in note 19 to the IFRS financial statements in Appendix 2 of the Annual Financial Report.

4. Corporate governance report

4. CORPORATE GOVERNANCE REPORT

This section is presented in accordance with the provisions of Article L.225-37 paragraph 6 of the French Commercial Code.

To organise its governance, the Company's Board of Directors has decided to refer to the corporate governance code for small and mid-sized companies as published in its latest version in September 2021 by Middlenext (the "**Middlenext Code**") and approved as a reference code by the French Financial Markets Authority (AMF). This code is available on the Middlenext website (https://www.middlenext.com). It includes recommendations and points of attention that the Compensation Committee and the Board of Directors will review each year.

Since its listing on Euronext Growth, the Company's objective has been to gradually comply with the relevant recommendations of the Middlenext Code regarding corporate governance, as it believes it is the most appropriate for its size and shareholder structure.

In accordance with the "comply or explain" principle, this Annual Financial Report sets out the Company's position in relation to the provisions of the Middlenext Code in the table below.

Middlenext Code recommendation	Applied	Not applied / Under consideration
1. "Supervisory" power		
R1: Ethics of Board members	X	
R2: Conflicts of interest	X	
R3: Composition of the Board - Presence of independent members on the Board	X	
R4: Information provided to Board members	X	
R5: Training of Board members		X
R6: Organisation of Board and Committee meetings	X	
R7: Establishment of Committees	X	
R8: Establishment of a specialised committee on corporate social responsibility (CSR)	X	
R9: Establishment of internal rules for the Board	X	
R10: Selection of each Board member	X	
R11: Term of office of Board members	X	
R12: Compensation of Board members in respect of their offices	X	
R13: Establishment of an assessment of the Board's work	X	
R14: Relationships with the shareholders	X	

Middlenext Code recommendation	Applied	Not applied / Under consideration
2. Executive power		
R15: Diversity and equity policy within the company	X	
R16: Definition and transparency of compensation of executive corporate officers	X	
R17: Preparation of management succession	X	
R18: Combination of employment contract and corporate office	X	
R19: Severance pay	X	
R20: Supplementary pension schemes	X	
R21: Stock options and free share grants	X	
R22: Review of points of attention	X	

Comments:

- *On recommendations not yet implemented:*

R5: The Company is supported by members of the Board of Directors who have first-rate experience and/or have already held several directorships, particularly in the chemical sector. The Company will take into consideration all technical training needs expressed by the members of the Board of Directors in the performance of their duties.

4.1 BOARD OF DIRECTORS

4.1.1 COMPOSITION OF THE BOARD OF DIRECTORS AND ITS COMMITTEES

Last name, first name, and title or office of Board members	Independent Board" members Specify (yes/no)	Year of first appointment	End of term of office	Committees			Experience and expertise provided
				Compensation Committee	CSR Committee	Audit Committee	
Stefan Borgas *Director and Chairman of the Board of Directors*	YES	2021	General meeting to approve the financial statements for the year ended 31 December 2023	Member	N/A	Member	General Management
AFY Partners Represented by Christophe Calice *Director*	NO	2021	General meeting to approve the financial statements for the year ended 31 December 2023	Member	N/A	N/A	Digital General Management
Valquest Partners Represented by Fadi Noureddine *Director*	NO	2021	General meeting to approve the financial statements for the year ended 31 December 2023	N/A	N/A	Member	Finance General Management International
Sofinnova Partners Represented by Michael Krel *Director*	NO	2021	General meeting to approve the financial statements for the year ended 31 December 2023	Chairman	N/A	N/A	Strategy General Management Engineering
Nicolas Sordet *Chief Executive*	NO	2021	General meeting to approve the financial statements for the year ended	N/A	Member	N/A	Finance General Management

Officer and director			31 December 2023				
Caroline Lebel *Director*	NO	2022	General meeting to approve the financial statements for the year ended 31 December 2024	N/A	Chairman	N/A	Finance CSR Digital
Patrizia Marraghini *Director*	YES	2022	General meeting to approve the financial statements for the year ended 31 December 2024	N/A	Member	Chairman	Finance Legal International

4.1.1.1 Expertise and professional experience of Board members

In accordance with recommendation No. 10 of the Middlenext Code, the biography including the experience and skills provided by each proposed member as well as the list of their offices are presented below and on the Company's website.

The Company also undertakes to provide a biography of a director upon appointment or reappointment.

Lastly, each appointment of a director, when applicable, will be the subject of a separate resolution submitted to the general meeting.

- Stefan Borgas, Chairman of the Company's Board of Directors

Mr Stefan Borgas started his career with BASF in Germany in 1990, holding several positions in various sectors (plastics, animal nutrition and vitamins) in different countries (Germany, USA, Ireland and China). He ended his career at BASF as Group Vice President, first for Europe and Africa, then for the Fine Chemicals and NAFTA division. He then became CEO of Lonza Group (a listed Swiss biotech company specialising in health, nutrition and ingredient manufacturing) until 2016, before becoming CEO of ICL (an Israeli company specialising in fertiliser production) for four years. Since 2016, he has been the CEO of RHI Magnesita, a listed Austrian company specialising in materials manufacturing. In parallel, he has held several directorships including at Syngenta, Sibelco and Yunnan Yuntianhua.

- Christophe Calice, permanent representative of AFY Partners, member of the Company's Board of Directors

Mr Christophe Calice began his professional career with commercial functions at the advertising agency of France Telecom's directories, Yellow Pages, allowing him very early on to understand the internet revolution to come. His motivation on the subject drove him into the path of entrepreneurship, with the creation in 1997 of a first digital publishing company, then in parallel the co-creation in 2008 of "Mister Auto" (an online company for car spare parts purchased in 2015 by the PSA group). These entrepreneurial successes led to the creation of the Ecilac Capital family office. Investment choices have been made over the years, in particular to support project owners in digital, education, automotive, real estate and chemicals companies, with a first investment in AFYREN in 2015.

- Fadi Noureddine, permanent representative of Valquest Partners, member of the Company's Board of Directors

An investor, founder and managing partner (since March 2013) of Valquest Partners sal (holding company) and Valquest Partners Europe (Ltd.), venture and private equity investment management companies, mainly in the energy and industrial biotechnology sectors in Europe and the Gulf, Mr. Fadi Noureddine has 22 years of financial expertise in capital markets and in the field of mergers and acquisitions, acquired through investment banks Citi-Samba, Lehman Brothers and Morgan Stanley.

- Michael Krel, permanent representative of Sofinnova Partners, member of the Company's Board of Directors

Mr Michael Krel joined Sofinnova Partners in 2013 and is a partner in Industrial Biotech investment strategy. He focuses primarily on identifying early-stage deals in Europe and North America with applications in the fields of chemistry, materials, agriculture, human and animal nutrition and synthetic biology. In addition to his role as a member of the AFYREN Board of Directors, he is or has been a member of the Board of Directors of EnobraQ, Meiogenix, Elicit Plant and EnginZyme. He is an observer on the Board of Directors of Comet Bio. For two years he was also the CEO of EnobraQ, a Sofinnova Partners' Green Seed Fund portfolio company. Prior to joining Sofinnova, Michael spent six years at industrial biotech start-ups in business development management positions. He has also worked in a strategic R&D and organisational consulting firm. He is an engineer who graduated from Ecole Polytechnique in Paris and holds a Ph.D. in organic chemistry from Paris X Orsay University.

- Caroline Lebel, member of the Company's Board of Directors

Ms Caroline Lebel has been Investment Director in Bpifrance Investissement's Large Venture team since 2019 and joined Bpifrance in 2013 in the mid-cap (growth capital) teams. After starting her career at General Electric in the Finance Management Program and then in the Corporate Audit Staff (France - Ireland - USA), she joined strategy consulting firm L.EK. Consulting and notably worked on strategic due diligences for companies and investment funds including the Strategic Investment Fund. She is a director of Virtuo Technologies and a non-voting director of Fermentalg and iAdvize. She is a graduate of ESCP Europe.

- Patrizia Marraghini, independent member of the Company's Board of Directors

Ms Patrizia Marraghini began her career as a lawyer in various large firms in Paris, where she worked on stock exchange listings and project financing. She then turned to international project development in the field of infrastructure and public service concessions within large French groups (water, waste, energy services, renewable energies and transport). After working for the EdF and Bouygues groups, she worked for Veolia from 2003 to 2006 in the international department of Veolia Eau, and then from 2007 to 2009 as head of legal affairs for Veolia Environnement's Major Projects. From 2009 to 2011, she held the position of legal director "new business lines" and corporate secretary of the group's renewable energy subsidiary (photovoltaic, wind and biomass) and member of its Management Board. From 2011 to 2022, she was in charge of the International Legal Department of Keolis (SNCF group) and the development of international projects for all legal-financial, commercial and contractual aspects. She was also a member of the Keolis International Board. Since 2016, she has held several positions as director and member of the audit and compensation committee at E.P.C. (international group listed on the Paris stock exchange), director in KMHI (a joint venture between Keolis and Mitsubishi in Dubai) and currently holds the position of director and chairman of the audit and compliance committee for SAIPEM SA and SAIPEM Nigeria.

4.1.1.2 Presence of independent members on the Board

In accordance with recommendation No. 3 of the Middlenext Code, and since the general meeting on 15 June 2022, the Company's Board of Directors has two independent directors, Mr Stefan Borgas and Ms Patrizia Marraghini, respectively Chairman of the Board of Directors and Chairman of the Audit Committee.

In accordance with the Middlenext Code, five (5) criteria are used to presume the independence of the members of the Board of Directors, which is characterised by the absence of a significant financial, contractual, family or close relationship that could affect the independence of their judgment.

At its meeting of 12 May 2021, the Board of Directors examined the situation of its members with regard to these independence criteria and considered that Mr Stefan Borgas was independent. At its meeting of 7 December 2021, the Board of Directors considered, after a review, that Ms Patrizia Marraghini could also be qualified as an independent member as from her appointment as director by the general meeting on 15 June 2022.

Company analysis	Independence criteria defined by the Middlenext Code				
	Not having been and not being an employee or executive corporate officer of the company or of a company in its group during the last five years	Not having been and not being in a significant business relationship with the Company or its group (customer, supplier, competitor, service provider, creditor, banker, etc.) during the last two years	Not being a reference shareholder in the company or holding a significant percentage of voting rights	Not having any close relationship or family ties with a corporate officer or reference shareholder	Not having been a statutory auditor of the company for the last six years;
Stefan Borgas	✓	✓(1)	✓(2)	✓	✓
AFY Partners	✓	✓		✓	✓
Valquest Partners	✓	✓		✓	✓
Sofinnova Partners	✓	✓		✓	✓
Nicolas Sordet		✓		✓	✓

Patrizia Marraghini	✓	✓	✓[3]	✓	✓
Caroline Lebel	✓			✓	✓

(1) Please refer to section 4.1.6 of the annual financial report.

(2) Mr. Stefan Borgas holds 192,500 founder share warrants, of which 175,000 were granted by the Board of Directors on 15 December 2020 and 17,500 were granted by the Board of Directors on 4 February 2022. As of 31 December 2022, he also held 25,000 ordinary shares. Given the low level of ownership that the ownership of these warrants is likely to represent in the event of exercise, Mr. Stefan Borgas is not considered to be a reference shareholder in the Company or to hold a significant percentage of voting rights.

(3) Ms Patrizia Marraghini holds 7,500 founder share warrants granted by the Board of Directors on 5 July 2022. As of 31 December 2022, Ms Patrizia Marraghini did not hold any ordinary shares. Given the low level of ownership that the ownership of these warrants is likely to represent in the event of exercise, Ms Patrizia Marraghini is not considered to be a reference shareholder in the Company or to hold a significant percentage of voting rights.

There are no family ties between members of the Board of Directors.

The Company's ultimate goal is to increase the number of independent directors and to improve the gender balance of the Board of Directors.

4.1.2 ESTABLISHMENT OF INTERNAL RULES FOR THE BOARD

In accordance with recommendation no. 9 of the Middlenext Code, the Board of Directors has established internal rules, adopted on 12 May 2021, ratified at the meeting of the Company’s Board of Directors on 28 September 2021 and amended at the meeting of the Company’s Board of Directors on 27 September 2022 in order to incorporate the operating procedures of the CSR Committee (the “**Internal Rules**”).

The Internal Regulations are available on the Company's website (https://AFYREN.com/investisseurs/).

4.1.3 TERM OF OFFICE OF BOARD MEMBERS

The term of office of directors is set at three (3) years. This term is adapted to the specific characteristics of the Company, within the limits set by law.

In this respect, recommendation No. 11 of the Middlenext Code has been applied, with the exception of the staggering of terms of office, which does not seem appropriate given the size of the Company.

4.1.4 ETHICS OF BOARD MEMBERS

The Internal Regulations set out the ethical obligations of the members as well as the operating procedures of the Board of Directors and its committees.

In accordance with recommendation no. 1 of the Middlenext Code, each director is made aware of his or her responsibilities at the time of appointment and is encouraged to comply with the ethics rules relating to his or her mandate.

4.1.5 ORGANISATION OF BOARD MEETINGS

In accordance with Recommendations No. 6 and No. 17 of the Middlenext Code, the Board of Directors meets at least four (4) times a year, including a meeting to prepare for the CEO's succession and the means to be implemented in the event that the CEO is unable to perform his or her duties, in whole or in part. At its meeting on 9 December 2022, the Board of Directors indicated that this matter would be addressed during 2023.

The Board of Directors determines the Company's strategic policies, ensures that they are implemented in accordance with its corporate interest, taking into account the social and environmental challenges of its business, and also approves the corporate and consolidated financial statements, convenes shareholders to general meetings, sets the agenda and the text of resolutions.

Subject to the provisions of Article 4.2 of the Internal Regulations, the Board of Directors may use videoconferencing facilities for its meetings, by the transmission of the voice and image of each of the participants, or teleconferencing, by the transmission of the voice of each of the participants. In this case, the conditions set by the Company's Internal Regulations must be met.

Wherever possible, the Board of Directors will endeavor to give preference to the physical presence of directors and, if this is not possible, to the use of video-conferencing rather than telephone exchanges.

During the financial year ended 31 December 2022, the Board of Directors met seven (7) times on the days and months listed below:

Date of the Board of Directors' meeting	04/02/2022	24/03/2022	05/07/2022	27/09/2022	03/10/2022	05/12/2022	09/12/2022
Number of directors present	5 out of 5	5 out of 5	7 out of 7	7 out of 7	7 out of 7	7 out of 7	7 out of 7
Attendance rate	100%	100%	100%	100%	100%	100%	100%

The general meeting of 15 June 2022 decided to appoint Ms Caroline Lebel and Ms Patrizia Marraghini as directors of the Company for a term of three (3) years, which will expire at the Annual General Meeting called to approve the financial statements for the year ending 31 December 2024.

The attendance rate for all directors is 100%.

In 2022, the topics discussed by the Board of Directors focused primarily on the Company's business and development priorities and the establishment of a CSR Committee.

4.1.6 CONFLICTS OF INTEREST

As of 31 December 2022, Mr Nicolas Sordet held 1.6 % of the share capital and 1.9 % of the exercisable voting rights in the Company and Mr Jérémy Pessiot held 2.8 % of the share capital and 3.4 % of the exercisable voting rights in the Company.

As of 31 December 2022, Mr Stefan Borgas held 192,500 founder share warrants and 25,000 ordinary shares of the Company. It should be noted that by decision of the Board of Directors on 4 February 2022, Mr Stefan Borgas was granted 17,500 founder share warrants, the terms and conditions of which are described in section 4.1.1.2.

Mr Stefan Borgas was linked to the Company, through Borgas Advisory Gmbh, of which Mr Stefan Borgas is the sole shareholder, by a service agreement dated 1 September 2020, under which Borgas Advisory Gmbh received a gross monthly fixed compensation of €2,500 in consideration for the provision of services to the Company. This agreement was terminated on 4 February 2022. Given the level of compensation, this agreement was not considered a material business relationship with the Company.

Subject to this reservation, to the best of the Company's knowledge, as of the date of this Annual Financial Report, there is no actual or potential conflict of interest between the duties of each member of the Board of Directors and senior management with respect to the Company in their capacity as corporate officer and the private interests and/or duties of the persons making up the Board of Directors and the management bodies.

The Board of Directors reviews known conflicts of interest at least once a year.

4.1.7 ESTABLISHMENT OF COMMITTEES

In accordance with recommendations no. 7 and no. 8 of the Middlenext Code, the Company has a Compensation Committee, an Audit Committee and a CSR Committee.

4.1.7.1 COMPENSATION COMMITTEE

The Company, in the form of a société par actions simplifiée, had already set up a Compensation Committee on 22 January 2019, which made recommendations to the Company's Board of Directors regarding the compensation of the Company's senior executives and corporate officers. However, its existence had never been formalised.

➢ *Composition*

At its meeting of 28 September 2021, the Board of Directors confirmed the creation of the Compensation Committee, whose members are:

Name, *Offices*	Date of appointment
Sofinnova Partners - *Director* Permanent representative: Mr Michael Krel	Appointed as a member by the Board of Directors on 28 September 2021 Appointed as Chairman by the Compensation Committee
AFY Partners - *Director* Permanent representative: Mr Christophe Calice	Appointed as a member by the Board of Directors on 28 September 2021
Stefan Borgas - *Chairman of the Board of Directors, Independent Director*	Appointed as a member by the Board of Directors on 28 September 2021

No executive corporate officers are members of the Compensation Committee.

➢ *Operation*

The Compensation Committee, whose operation is governed by the provisions of the Internal Regulations, meets as often as it deems necessary, and at least twice a year, before the Board of Directors' meeting to be held to approve the Company's annual financial statements, consolidated financial statements and half-yearly financial statements.

The Compensation Committee is responsible for:

- reviewing the compensation and the main performance objectives proposed by senior management for the compensation of the Company's non-executive directors, including free share plans and share subscription or purchase option plans;

- reviewing the compensation and the main performance objectives proposed by senior management for the compensation of the Company's corporate officers, including free share plans and share subscription or purchase option plans;

- reviewing the total amount of the compensation granted by the general meeting to the directors and the system for distributing it among the directors, as well as the conditions for reimbursing any expenses incurred by the members of the Board of Directors.

The Compensation Committee may assist the Board of Directors, at its request, in identifying, assessing and proposing the appointment of independent directors.

4.1.7.2 AUDIT COMMITTEE

➢ *Composition*

At its meeting of 4 February 2022, the Board of Directors confirmed the creation of the Audit Committee, it being specified that all members of the Audit Committee were chosen from among the members of the Company's Board of Directors, excluding those holding management positions.

Name, *Offices*	Date of appointment
Patrizia Marraghini - *Independent director*	Appointed as a member by the Board of Directors on 04 February 2022 Appointed as Chairman by the Audit Committee
Stefan Borgas - *Chairman of the Board of Directors, Independent Director*	Appointed as a member by the Board of Directors on 13 September 2021
Valquest Partners - *Director* Permanent representative: Mr Fadi Noureddine	Appointed as a member by the Board of Directors on 13 September 2021

➢ *Operation*

The operation of the Audit Committee is governed by the provisions of the Internal Regulations and the Charter on the operation of the Audit Committee approved by the Board of Directors when it was set up.

The Audit Committee monitors matters relating to the preparation and control of accounting and financial information. In any event, the Audit Committee has only advisory powers.

The Audit Committee meets as often as it deems necessary and at least two (2) times a year before the Board of Directors' meeting called by its Chairman to approve the annual financial statements, the consolidated financial statements, the half-yearly financial statements and, where applicable, the quarterly financial statements.

4.1.7.2 CSR COMMITTEE

➢ *Composition*

The Board of Directors, at its meeting of 5 July 2022, confirmed the creation of a CSR Committee composed of members of the Company's Board of Directors and a Company employee, Ms Caroline Petigny, Director of CSR, Communication and Public Affairs.

Name- *Offices*	Date of appointment
Patrizia Marraghini - *Independent director*	Appointed as a member by the Board of Directors on 05 July 2022
Caroline Lebel - *Director*	Appointed as a member by the Board of Directors on 05 July 2022
Nicolas Sordet - *Chief Executive Officer, Director*	Appointed as a member by the Board of Directors on 05 July 2022
Caroline Petigny - *Director of CSR, Communication and Public Affairs*	Appointed as a member by the Board of Directors on 05 July 2022

➢ *Operation*

The operation of the CSR Committee is governed by the provisions of the Internal Regulations and the Charter on the operation of the CSR Committee approved by the Board of Directors when it was set up.

The CSR Committee is responsible for:

- reviewing the Company's CSR strategy and verifying its consistency with its overall strategy;
- providing critical analysis and recommendations and/or remediation plans;
- proposals on the direction of the Company's CSR strategy;
- review of CSR reporting and reporting procedures;
- monitoring of CSR performance;
- reporting to the Board on CSR strategy and performance and submitting proposals;
- supporting the Company's CSR manager on specific projects.

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4.2 EXECUTIVE MANAGEMENT

4.2.1 CHOICE OF METHODS OF EXERCISING GENERAL MANAGEMENT

At its meeting of 13 September 2021, the Company's Board of Directors decided to separate the roles of Chairman of the Board of Directors and Chief Executive Officer.

Name, Offices	Date of appointment	Date of end of term of office
Stefan Borgas *Chairman of the Board of Directors* *Director*	Board of Directors' meeting of 13 September 2021	Annual ordinary general meeting to be held in 2024 to approve the financial statements for the financial year ending 31 December 2023
Nicolas Sordet *Chief Executive Officer* *Director*	Board of Directors' meeting of 13 September 2021	Annual ordinary general meeting to be held in 2024 to approve the financial statements for the financial year ending 31 December 2023
Jérémy Pessiot *Chief Operating Officer* *Director of Technology and Innovation (employee)*	Board of Directors' meeting of 13 September 2021	Annual ordinary general meeting to be held in 2024 to approve the financial statements for the financial year ending 31 December 2023

4.2.2 OFFICES AND POSITIONS HELD IN ANY COMPANY BY EACH CORPORATE OFFICER DURING THE FINANCIAL YEAR

Name *Office*	Current office or position held outside the Company
Stefan Borgas *Chairman of the Board of Directors* *Independent director*	CEO of RHI Magnesita Founder of Borgas advisory GmbH
AFY Partners whose permanent representative is Mr Christophe Calice *Director*	Manager of Ecilac Capital Manager of XL2C Invest Manager of AFY Partners
Valquest Partners whose permanent representative is Fadi Noureddine *Director*	Chairman of Valquest Partners S.à.l. (Holding company) Director of Valquest Partners Europe (Ltd) Managing Director of VQ One S.à.r.l. Managing Director of VQ Energy One S.C.A. Chairman of Valquest (VQ) One Power SAOC Chairman of VQ Biotech One s.a.l.

Name *Office*	Current office or position held outside the Company
	Chairman of Al Jizzi Transformers & Switchgears Company SAOC
Sofinnova Partners whose permanent representative is Mr Michael Krel *Director*	Member of the Board of Directors of EnobraQ Member of the Board of Directors of Enginzyme AB Non-voting board member of Comet Biorefining, Inc.
Caroline Lebel *Director*	Director of Virtuo Technologies and non-voting director of Fermentalg, IA Dvize and Deepqi
Patrizia Marraghini *Independent director*	Independent Director and Chairman of the Audit & Compliance Committee of SAIPEM SA and SCNL
Nicolas Sordet *Chief Executive Officer and director*	Permanent representative of AFYREN, itself Chairman of the Board of Directors of AFYREN NEOXY
Jérémy Pessiot *Chief Operating Officer*	Chairman of AFYREN Investment Member of the Board of Directors of AFYREN NEOXY

In accordance with recommendation no. 1 of the Middlenext Code, executive directors do not hold more than two (2) other offices in listed companies, including foreign companies, outside their group.

4.2.3 COMBINATION OF EMPLOYMENT CONTRACT AND CORPORATE OFFICE

4.2.3.1 Corporate office of Mr Jérémy Pessiot

Mr Jérémy Pessiot is bound to the Company by an employment contract entered into on 22 September 2019, amended by an amendment dated 19 February 2021, as Chief Technology and Innovation Officer of the Company.

In accordance with recommendation no. 18 of the Middlenext Code, on 28 September 2021 the Board of Directors authorised the combination of Mr Jérémy Pessiot's employment contract with his corporate office.

This decision was motivated by the fact that Mr Jérémy Pessiot's duties as an employee of the Company are technical, distinct from those related to his position as Chief Operating Officer, and consist in particular of defining the Company's innovation strategy (determination of the Company's development areas in terms of processes and innovation, initiation of all the Company's major research projects, organisation and management of laboratories, demonstrators and pilot sites, supervision of technological watch), management of processes and resources related to innovation (development of relations with academic partners, definition of the Company's intellectual property acquisition and development strategy, in particular), coordination of innovation projects and management of patents and innovations. These duties as an employee are performed under the supervision of the Company's Chief Executive Officer.

4.2.3.2 Corporate office of Mr Nicolas Sordet

In addition, by a decision dated 26 March 2019, the Company's Board of Directors decided that Mr Nicolas Sordet's permanent employment contract dated 1 June 2015, as Chief Financial Officer and International Business Development Director, would be suspended from 1 January 2019 and during the performance of his term of office as Chief Executive Officer of the Company.

4.2.4 COMPANY DIVERSITY AND EQUITY POLICY

In accordance with recommendation No. 15 of the Middlenext Code, the Company implements the principles of equity and respect for gender balance at each level of the Company's hierarchy.

4.2.5 COMPENSATION OF CORPORATE OFFICERS

The compensation of corporate officers is determined by the Board of Directors on the recommendation of the Compensation Committee.

4.2.5.1 Compensation of non-executive corporate officers

None of the directors, with the exception of Mr. Stefan Borgas and Ms Patrizia Marraghini (as specified in section 4), received any compensation for their duties.

4.2.5.2 Compensation of executive corporate officers

On 13 September 2021, the Board of Directors appointed

- Mr Nicolas Sordet as the Company's first Chief Executive Officer;
- Mr Jérémy Pessiot as the Company's Chief Operating Officer.
- Mr Stefan Borgas, as the Company's Chairman of Board of Directors

For the accounting period presented, the compensation of Mr Nicolas Sordet, Mr Jérémy Pessiot and Mr Stefan Borgas for their respective terms of office was as follows.

➢ **Compensation of Mr Nicolas Sordet for the financial year ended 31 December 2022**

Since 1 January 2022 and in accordance with the terms of the corporate office agreement entered into between Mr Nicolas Sordet and the Company on 4 February 2022, Mr Nicolas Sordet receives gross fixed annual compensation of €180,000, annual variable compensation that may represent a maximum amount equal to 25% of his fixed annual compensation (i.e. a maximum amount of €45,000) and multi-annual variable compensation representing an amount equal to 50% of his annual compensation.

Under the terms of this corporate officer agreement, Mr Nicolas Sordet is also entitled to a non-competition indemnity equal to 50% of his gross monthly compensation as Chairman during the last 12 months preceding the decision to terminate his contract as a corporate officer.

On 7 December 2021, the Board of Directors, on the proposal of the Compensation Committee meeting of 3 December 2021, decided that the amount of severance pay to which the Chief Executive Officer will be entitled in the event of termination of his duties for any reason other than resignation, dismissal for serious misconduct or dismissal for gross misconduct will amount to 18 months of gross compensation.

➢ **Compensation of Mr Jérémy Pessiot for the financial year ended 31 December 2022**

Mr Jérémy Pessiot has been bound to the Company by an employment contract since 1 October 2012.

It should be noted that the Board of Directors on 28 September 2021 decided on the appropriateness of authorising the combination of Mr Jérémy Pessiot's employment contract as Chief Technology and Innovation Officer of the Company and his corporate office as Chief Operating Officer, described in more detail in section 4.

In accordance with the terms of the employment contract entered into between Mr Jérémy Pessiot and the Company on 22 September 2019 in replacement of the employment contract entered into with the Company on 1 October 2012, as amended by an amendment dated 19 February 2021, and the decisions of the Board of Directors on 21 January 2021 and 4 February 2022, it is agreed that Mr Jérémy Pessiot receives a gross fixed annual compensation of €160,000, an annual variable compensation that may represent a maximum amount equal to 25% of his annual fixed compensation (i.e. a maximum amount of €40,000) and a multi-year variable compensation representing an amount equal to 50% of his annual compensation. Mr Jérémy Pessiot does not receive compensation for his duties as a corporate officer of the Company.

Under the terms of his contract as a corporate officer, Mr Nicolas Sordet is also entitled to a non-competition indemnity equal to 50% of his gross monthly compensation as Chairman during the last 12 months preceding the decision to terminate his contract as a corporate officer.

On 7 December 2021, the Board of Directors, on the proposal of the Compensation Committee meeting of 3 December 2021, decided that the amount of severance pay to which the Chief Executive Officer will be entitled in the event of termination of his duties for any reason other than resignation, dismissal for serious misconduct or dismissal for gross misconduct will amount to 18 months of gross compensation.

➢ **Compensation of Mr Stefan Borgas for the year ended 31 December 2022**

On 4 February 2022, Mr Stefan Borgas and the Company entered into a corporate office agreement, which was authorised by the Board of Directors on 4 February 2022. Under the terms of this corporate officer agreement and the decisions of the Board of Directors dated 24 March 2022, Mr Stefan Borgas receives an annual compensation of €30,000.

On 4 February 2022, the Company and Borgas Advisory Gmbh, of which Mr Stefan Borgas is the sole shareholder, terminated the service agreement entered into on 1 September 2020.

As of 31 December 2022, Mr Stefan Borgas also held 192,500 founder share warrants. On 4 February 2022, the Board of Directors granted 17,500 founder share warrants to Mr Stefan Borgas.

The table shows both the compensation awarded and paid in respect of and during the financial year ended 31 December 2022, as presented above, and the compensation awarded and paid in respect of and during the current financial year.

Table 1: Summary of compensation paid to each executive corporate officer

	Financial year ended 31 December 2021		Financial year ended 31 December 2022	
	Amounts granted	Amounts paid	Amounts granted	Amounts paid
Nicolas Sordet - *Chief Executive Officer*				
Fixed remuneration	€ 180,000	€ 179,166.67	€180,000[18]	€ 180,000
Annual variable remuneration	€45,000[19]	€ 22,950	€45,000[20]	€ 40,500
Multi-year variable compensation[21]	€ 90,000	N/A	€ 90,000	N/A
Exceptional remuneration	N/A	N/A	1.664,56	N/A
Compensation granted for serving as a director	N/A	N/A	N/A	N/A
Benefits in kind[22]	€ 3,924.72	€ 3,924.72	€ 4,273.32	€ 4,273.32
TOTAL	**€ 318,924.72**	**€ 206,041.39**	**€ 319,273.32**	**€ 224,773.32**
Jérémy Pessiot - *Chief Operating Officer*				
Fixed remuneration	€ 160,000	€ 159,166.63	€160,000[23]	€ 159,999.96
Annual variable remuneration	€40,000[24]	€ 22,500	€40,000[25]	€ 36,000

[18] Under the terms of the corporate mandate agreement entered into on 4 February 2022, Mr Nicolas Sordet receives gross annual fixed compensation of €180,000 for the current financial year.
[19] Under the corporate officer agreement dated 30 May 2019, amended by an amendment dated 22 February 2021, this variable compensation is set at 25% of the fixed compensation (i.e. a maximum amount of €45,000 for the 2021 financial year, the achievement of which was reviewed by the Board of Directors on 4 February 2022).
[20] Under the corporate mandate agreement entered into on 4 February 2022, Mr Nicolas Sordet receives variable compensation equal to 25% of his fixed compensation (i.e. a maximum amount of €45,000 for the 2022 financial year, the achievement of which will be reviewed by the Board of Directors during the 2023 financial year).
[21] Under the terms of the corporate officer agreement dated 4 February 2022 and in accordance with the decisions of the Company's Board of Directors on 4 February 2022, Mr Nicolas Sordet may receive, as multi-year variable compensation, a maximum of 50% of his fixed compensation per year (i.e. up to €90,000 for the 2021 and 2022 financial years), to be paid in 2023 subject to the achievement of the objectives set by the Board of Directors.
[22] Provision of a company car.
[23] Under the terms of the employment contract entered into between Mr Jérémy Pessiot and the Company on 22 September 2019, amended by an amendment dated 19 February 2021, and the decisions of the Board of Directors on 21 January 2021, Mr Jérémy Pessiot will receive gross annual fixed compensation of €160,000 during the 2022 financial year.
[24] Under the terms of the employment contract entered into between Mr Jérémy Pessiot and the Company on 22 September 2019, amended by an amendment dated 19 February 2021, and the decisions of the Board of Directors on 21 January 2021, Mr Jérémy Pessiot receives annual variable compensation that may represent a maximum of 25% of his annual fixed compensation (i.e. a maximum amount of €40,000 for the 2021 financial year, the achievement of which was reviewed by the Board of Directors on 4 February 2022).
[25] Under the terms of the employment contract entered into between Mr Jérémy Pessiot and the Company on 22 September 2019, amended by an amendment dated 19 February 2021, and the decisions of the Board of Directors on 21 January 2021, Mr Jérémy Pessiot receives annual variable compensation that may represent a maximum of 25% of his annual fixed compensation (i.e. a maximum amount of €40,000 for the 2022 financial year, the achievement of which will be reviewed by the Board of Directors during the 2023 financial year).

	Financial year ended 31 December 2021		Financial year ended 31 December 2022	
	Amounts granted	Amounts paid	Amounts granted	Amounts paid
Multi-year variable compensation[26]	€ 80,000	N/A	€ 80,000	N/A
Exceptional compensation and various bonuses	€ 1,615.46	€ 1,615.46	€ 1,664.56	€ 1,664.56
Compensation granted for serving as a director	N/A	N/A	N/A	N/A
Benefits in kind[27]	€ 3,953.16	€ 3,953.16	€ 5,705.40	€ 5,705.40
TOTAL	**€ 285,568.62**	**€ 187,235.25**	**€ 287,369.96**	**€ 203,369.92**
Stefan Borgas - *Chairman of the Board of Directors*				
Fixed remuneration	€ 30,000	€ 30,589	- €	- €
Annual variable remuneration	N/A	N/A	N/A	N/A
Multi-year variable compensation	N/A	N/A	N/A	N/A
Exceptional remuneration	N/A	N/A	N/A	N/A
Compensation granted for serving as a director	N/A	N/A	€30,000[28]	€ 30,000
Benefits in kind	N/A	N/A	N/A	N/A
TOTAL	**€ 30,000**	**€ 30,589**	**€ 30,000**	€30,000

Table 3: Summary table of allowances or benefits for corporate officers for the financial year ended 31 December 2021

[26] Pursuant to the decisions of the Company's Board of Directors on 4 February 2022, Mr Jérémy Pessiot may receive, as multi-year variable compensation, a maximum of 50% of his fixed compensation per year (i.e. up to €80,000 for the 2021 and 2022 financial years), to be paid in 2023 subject to the achievement of the objectives set by the Board of Directors.
[27] Provision of a company car
[28] In a decision taken on 24 March 2022, the Board of Directors decided to award €30,000 to Mr Stefan Borgas in respect of his office as an independent director.

Executive corporate officers	Employment contract		Supplementary pension plan		Allowances or benefits due or likely to be due as a result of termination or change of position		Compensation relating to a non-competition clause	
	yes	no	yes	no	yes	no	yes	no
Nicolas Sordet *Chief Executive Officer*	Suspended[29]			X	X[30]		X[31]	
Jérémy Pessiot *Deputy Chief Executive Officer*	X			X	X[32]		X[33]	
Stefan Borgas *Chairman of the Board of Directors*		X		X		X		X

4.2.5.3 Incentive programme

➢ **BSPCE[34] granted to each executive corporate officer during their term of office**

Number and date of general meeting	Type of options	Value of options according to the method used for the financial statements	Number of options granted[35]	Exercise price (€)	Exercise period
Nicolas Sordet - *Chief Executive Officer*					

[29] In a decision dated 26 March 2019, the Company's Board of Directors decided that Mr Nicolas Sordet's permanent employment contract dated 1 June 2015, as Chief Financial Officer and International Business Development Director, would be suspended from 1 January 2019 and during the performance of his term of office as Chief Executive Officer of the Company.
[30] Please refer to the section "Compensation of Mr Nicolas Sordet for the financial year ended 31 December 2022".
[31] Compensation equal to 50% of his gross compensation over the last 12 months preceding the decision to terminate the corporate officer agreement entered into between Mr Nicolas Sordet and the Company on 4 February 2022.
[32] Please refer to the section "Compensation of Mr Jérémy Pessiot for the financial year ended 31 December 2022".
[33] Compensation equal to 50% of his gross compensation over the last 12 months preceding the decision to terminate the employment contract entered into between Mr Jérémy Pessiot and the Company on 22 September 2019.
[34] The Company has not granted any share subscription or purchase options or share purchase warrants to corporate officers.
[35] It should be noted that the general meeting of 11 June 2021, pursuant to its thirtieth resolution, approved the division of the nominal value of an ordinary share and, consequently, noted that the securities giving access to the share capital in force within the Company will henceforth give the right to the number of shares to which they previously gave right multiplied by five (5) as a result of the division of the of the nominal value of the shares by five (5). The exercise price was therefore divided by five (5).

Number and date of general meeting	Type of options	Value of options according to the method used for the financial statements	Number of options granted [35]	Exercise price (€)	Exercise period
BSPCE 2 3 June 2015	Founder share warrants	€ 41,400	103,500	€ 0.40	N/A
BSPCE 3 29 December 2015	Founder share warrants	€ 68,985	109,500	€ 0.63	N/A
BSPCE 5 26 June 2019	Founder share warrants	€ 22,760	20,000	€ 2.06	6,666 BSPCE exercisable from 1 July 2020 and until 1 July 2029 6,666 BSPCE exercisable from 1 July 2021 and until 1 July 2029 6,667 BSPCE exercisable from 1 July 2022 and until 1 July 2029
Jérémy Pessiot - ***Chief Operating Officer***					
BSPCE 2 3 June 2015	Founder share warrants	€ 31,400	78,500	€ 0.40	N/A
BSPCE 3 29 December 2015	Founder share warrants	€ 22,760	110,000	€ 0.63	N/A
BSPCE 5 26 June 2019	Founder share warrants	€ 22,760	20,000[36]	€ 2.06	6,666 BSPCE exercisable from 1 July 2020 and until 1 July 2029 6,666 BSPCE exercisable from 1 July 2021 and until 1 July 2029 6,667 BSPCE exercisable from 1 July 2022 and until 1 July 2029

[36] It should be noted that the general meeting of 11 June 2021, pursuant to its thirtieth resolution, approved the division of the nominal value of an ordinary share and, consequently, noted that the securities giving access to the share capital in force within the Company will henceforth give the right to the number of shares to which they previously gave right multiplied by five (5) as a result of the division of the of the nominal value of the shares by five (5).[37] See section 4.4.3.

Number and date of general meeting	Type of options	Value of options according to the method used for the financial statements	Number of options granted [35]	Exercise price (€)	Exercise period
Stefan Borgas - *Chairman of the Board of Directors*					
BSPCE 5 26 June 2019	Founder share warrants	€ 198,800	175,000	€ 2.06	58,333 BSPCE exercisable since 16 September 2021 until 16 September 2030 58,333 BSPCE exercisable since 16 September 2022 until 6 September 2030 58,334 BSPCE exercisable since 16 September 2023 until 6 September 2030
BSPCE 2021 11 June 2021	Founder share warrants	€ 66,905	17,500	€ 8.02	5,833 BSPCE exercisable since 04 February 2023 until 4 February 2032 5,833 BSPCE exercisable since 04 February 2024 until 4 February 2032 5,834 BSPCE exercisable since 04 February 2025 until 4 February 2032

No BSPCE were exercised during the financial year ended 31 December 2022.

15,000 BSPCE 2021 were granted during the financial year ended 31 December 2022 to one of the first ten non-executive employees to receive them.

Stock options

The Company has not granted any share subscription or purchase options to executive corporate officers.

Share subscription warrants

The Company has not granted any share purchase warrants to executive corporate officers.

Free shares granted to each corporate officer during their term of office

By decisions dated 7 December 2021 and 24 March 2022, the Board of Directors implemented the delegation of authority granted by the twenty-ninth resolution of the combined general meeting of 11 June 2021, which authorised the Board of Directors, pursuant to the provisions of Articles L.225-197-1 et seq. of the French Commercial Code, to grant, on one or more occasions and solely pursuant to its decisions and in accordance with the terms and conditions that it shall determine in this resolution, 2021 free share grants as a bonus linked to the completion of the capital increase decided with a view to the admission to trading of the Company's shares on Euronext Growth.

The Board of Directors thus awarded 2021 free share grants to the following corporate officers:

Free shares granted to each corporate officer					
Free shares granted by the general meeting during the financial year to each corporate officer	plan number and date	Number of shares granted during the year	Valuation of the shares according to the method used for the consolidated financial statements	Acquisition Date	Availability date
Nicolas Sordet	No. 1 07/12/2021	22,444	€ 203,567	07/12/2022	7/12/2023
	No. 2 24/03/2022	257,620	€ 1,380,024	Tranche 1: 24/03/2023 Tranche 2: 24/03/2024 Tranche 3: 24/03/2025	Tranche 1: 24/03/2024 Tranche 2: 24/03/2025 Tranche 3: 24/03/2026
Jérémy Pessiot	No. 1 07/12/2021	19,951	€ 180,956	07/12/2022	07/12/2023
	No. 2 24/03/2022	257,620	€ 1,380,024	Tranche 1: 24/03/2023 Tranche 2: 24/03/2024 Tranche 3: 24/03/2025	Tranche 1: 24/03/2024 Tranche 2: 24/03/2025 Tranche 3: 24/03/2026

The 42,395 - 2021 free share grants awarded by the Board of Directors on 7 December 2021 to Nicolas Sordet and Jérémy Pessiot were in accordance with plan No. 1 vested on 7 December 2022.

51.524 – 2021 free shares granted by the Board of Directors on 24 March 2022 to Nicolas Sordet and Jérémy Pessiot (Tranche 1 of the free shares plan) were acquired on 24 March 2023 in accordance with plan No.2.

All of the 2021 free share grants are subject to a retention period as of the date of this report.

4.3 AGREEMENTS REFERRED TO IN ARTICLES L.225-38 ET SEQ. OF THE FRENCH COMMERCIAL CODE

In its special report on the agreements referred to in Articles L.225-38 of the French Commercial Code, your statutory auditor examines the agreements entered into by the Company or performed by it during the past year. This report is available to you.

No new agreements were entered into during the year ended 31 December 2022 that had not already been approved by the ordinary general meeting.

4.4 AGREEMENTS ENTERED INTO BETWEEN A SUBSIDIARY OF THE COMPANY AND A CORPORATE OFFICER OR A SHAREHOLDER HOLDING MORE THAN 10% OF THE COMPANY'S SHARE CAPITAL

None.

4.5 SUMMARY TABLE OF CURRENT DELEGATIONS OF AUTHORITY AND POWERS TO INCREASE THE SHARE CAPITAL

Resolutions approved by the combined general meeting of 11 June 2021				
Purpose of the resolution	*Duration*	*Ceilings*	*Price determination procedures*	*Implementation*
Delegation of authority to the Board of Directors to decide to issue ordinary shares and/or securities giving immediate and/or future access to equity securities to be issued by the Company, **while maintaining shareholders' preferential subscription rights**	26 months Expires 10 August 2023	Nominal amount of capital increases: € 175,000 Nominal amount of debt securities: € 80,000,000[2]		X
Delegation of authority to the Board of Directors to decide to issue ordinary shares and/or securities giving immediate and/or subsequent access to equity securities to be issued by the Company, **with cancellation of the shareholders' preferential subscription right,**	26 months Expires 10 August 2023	Nominal amount of capital increases: 20% of the share capital (as existing on the date of the transaction) per year and €175,000[1] Nominal amount of	For capital increases, the issue price of the new shares shall be set by the Board of Directors and shall be at least equal to the weighted average price over the last 5 trading sessions prior to its setting, which may be reduced by a maximum discount of 20%.	X

Resolutions approved by the combined general meeting of 11 June 2021				
to be issued in the context of an offering referred to in Article L.411-2 (1) of the French Monetary and Financial Code, and within the limit of 20% of the share capital per year		debt securities: € 80,000,000[2]	For securities giving access to the share capital, including share subscription warrants, the issue price shall be set by the Board of Directors such that the amounts immediately received by the Company upon issue of the securities in question, plus any amounts that may subsequently be received by the Company for each share attached to and/or underlying the issued securities, shall be at least equal to the minimum price provided for above. The conversion, redemption and transformation into shares of each security giving access to the share capital shall be carried out, taking into account the nominal value of said security, into a number of shares such that the amount received by the Company for each share is at least equal to the minimum price referred to above.	
Delegation of authority to the Board of Directors to decide to capitalise profits, reserves, premiums	26 months Expires 10 August 2023	Nominal amount of capital increases: €175,000[1]		X

Resolutions approved by the combined general meeting of 11 June 2021				
or other amounts whose capitalisation is permitted				
Authorisation to be granted to the Board of Directors to grant options to subscribe for and/or purchase ordinary shares to employees and/or certain corporate officers (the "**2021 Options**")	38 months Expires 10 August 2024	Nominal amount of capital increases: 7% of the share capital (as resulting from the capital increase that will be carried out in connection with the admission of the Company's shares to trading on Euronext Growth) and €40,215[5]	The subscription and/or purchase price of the shares upon exercise of the 2021 Options will be set by the Board of Directors on the day on which the 2021 Options are granted, it being specified that: The purchase or subscription price per share may not under any circumstances be less than 95% of the average price quoted over the 20 trading sessions preceding the day on which the Board decides to grant the options; When an option allows its beneficiary to purchase shares that have previously been purchased by the Company, its exercise price, without prejudice to the foregoing clauses and in accordance with the applicable legal provisions, may not, moreover, be less than 80% of the average price paid by the Company for all the shares that it has previously purchased.	X

Resolutions approved by the combined general meeting of 11 June 2021				
Authorisation to the Board of Directors to grant ordinary Company shares free of charge to salaried employees and executive corporate officers (the "2021 free share grants ")	38 months Expires 10 August 2024	Nominal amount of capital increases: 10% of the share capital (as existing on the date of the transaction) and 7% of the share capital (as resulting from the capital increase that will be carried out in connection with the admission of the Company's shares to trading on Euronext Growth) and €40,215[5]		Implemented by the Board of Directors on 7 December 2021, 24 March 2022, 3 October 2022 and 5 December 2022[37] *639,753 2021 free share grants have been awarded*
Resolutions approved by the combined general meeting of 15 June 2022				
Purpose of the resolution	*Duration*	*Ceilings*	*Price determination procedures*	*Implementation*
Delegation of authority to the Board of Directors to decide to issue ordinary shares and/or securities giving immediate and/or subsequent access to equity securities to be issued by the Company, **with cancellation of the shareholders' preferential subscription right by public offering** (other than an	26 months Expires 14 August 2024	Nominal amount of capital increases: € 225,000 Nominal amount of debt securities: € 80,000,000	The price in the context of a public offering will be set by the Board of Directors according to the following rules: - the issue price of the shares that may be issued pursuant to this delegation of powers shall be set by the Board of Directors and shall be at least equal to the weighted	X

[37] See section 4.4.3.

Resolutions approved by the combined general meeting of 11 June 2021				
offering referred to in Article L.411-2 (1) of the French Monetary and Financial Code)			average price over the last five (5) trading sessions preceding its setting, which may be reduced by a maximum discount of 20%. - for securities giving access to the share capital, the issue price shall be set by the Board of Directors in such a way that the sums received immediately by the Company upon issue of the securities in question, plus any sums that may subsequently be received by the Company for each share attached to and/or underlying the securities issued, are at least equal to the minimum price provided for above; - the conversion, redemption and transformation into shares of each security giving access to the share capital shall be carried out, taking into account the nominal value of said security, into a number of shares such that the amount received by the Company for each share is at least equal to the minimum price referred to above,	

Resolutions approved by the combined general meeting of 11 June 2021				
Delegation of authority to the Board of Directors to decide to issue ordinary shares and/or securities giving immediate and/or future access to equity securities to be issued by the Company, **with cancellation of shareholders' preferential subscription rights** in favour of categories of beneficiaries	18 months Expires 14 December 2023	Nominal amount of capital increases: € 175,000 Nominal amount of debt securities: € 80,000,000	For capital increases, the issue price of the new shares shall be set by the Board of Directors and shall be at least equal to the weighted average price over the last five (5) trading sessions prior to its setting, which may be reduced by a maximum discount of 20%. For securities giving access to the share capital, including share subscription warrants, the issue price shall be set by the Board of Directors such that the amounts immediately received by the Company upon issue of the securities in question, plus any amounts that may subsequently be received by the Company for each share attached to and/or underlying the issued securities, shall be at least equal to the minimum price provided for above. The conversion, redemption and transformation into shares of each security giving access to the share capital shall be carried out, taking into account the	X

Resolutions approved by the combined general meeting of 11 June 2021				
			nominal value of said security, into a number of shares such that the amount received by the Company for each share is at least equal to the minimum price referred to above.	
Authorisation to be granted to the Board of Directors to increase the number of securities issued in accordance with the provisions of Article L.225-135-1 of the French Commercial Code, in the event of the implementation of the delegations of authority referred to in the preceding resolutions, with cancellation of preferential subscription rights	26 months Expires 14 August 2024	15% of the amount of the initial issue under the above-mentioned delegations 1 and 2		X
Delegation of authority to be granted to the Board of Directors to decide to issue warrants to subscribe for ordinary shares ("**2022 free share grants**") with cancellation of preferential subscription rights in favour of a category of persons	18 months Expires 14 December 2023	1,679,297 2022 BSA giving rise to the issue of 1,679,297 ordinary shares representing a maximum nominal amount of €33,584.94 by way of a capital increase (common ceiling for 2022 BSA, 2022 BSPCE,	The subscription price of the 2022 free share grants will be determined by the Board of Directors on the date of issue, in accordance with the conclusions of the report of the expert appointed by the Company to value the subscription price of said 2022 free share grants in accordance with the valuation methods applicable to this type of tool.	Implemented by the Board of Directors on 27 September 2022 *20,000 BSA have been granted.*

Resolutions approved by the combined general meeting of 11 June 2021				
		2021 free share grants and 2021 Options)	The exercise price of the 2022 free share grants will be determined by the Board at the time when the 2022 free share grants are awarded and shall be equal to the weighted average price of the last twenty (20) trading sessions preceding the date of award of said 2022 free share grants by the Board of Directors.	
Delegation of authority to be granted to the Board of Directors to decide to issue founder share warrants ("**2022 BSPCE**") with cancellation of preferential subscription to a category of persons	18 months Expires 14 December 2023	1,679,297 2022 BSPCE giving rise to the issue of 1,679,297 ordinary shares representing a maximum nominal amount of €33,584.94 by way of a capital increase (common ceiling for 2022 BSA, 2022 BSPCE, 2021 free share grants and 2021 Options)	The 2022 BSPCE will be granted free of charge. The exercise price of the 2022 BSPCE will be set by the Board of Directors at the time when the 2022 BSPCE are granted, it being specified that this price must be at least equal to: (iv) at the the listing price of the Company's shares on Euronext Growth (€8.02), for any grant occurring within six (6) months of the completion of the Company's capital increase that will be carried out in the context of the admission of its shares to trading on Euronext Growth and subject to the provisions set out below in point (ii) in	Implemented by the Board of Directors on 5 July 2022 *7,500 BSPCE have been granted.*

Resolutions approved by the combined general meeting of 11 June 2021				
			the event of a capital increase occurring within 6 months of the implementation of this delegation by the Board of Directors; (v) in the event of the completion of one or more capital increases in the six (6) months preceding the implementation of this delegation by the Board of Directors, at the subscription price of the ordinary share used in the most recent of said capital increases, assessed on the date of grant of each 2022 BSPCE, less, where applicable, a discount corresponding to the loss of economic value of the ordinary share since this issue; (vi) for any grant that takes place outside the assumptions referred to in (i) and (ii), at the weighted average price of the last twenty (20) trading sessions preceding the date on which the Board grants said 2022 BSPCE.	

4.5.1 AWARDS OF 2021 FREE SHARE GRANTS IN FINANCIAL YEAR 2022

By decisions dated 24 March 2022, 3 October 2022 and 5 December 2022, the Board of Directors implemented the delegation of authority granted by the twenty-ninth resolution of the combined general meeting of 11 June 2021, which authorised the Board of Directors, pursuant to the provisions of Articles L.225-197-1 et seq. of the French Commercial Code, to grant, on one or more occasions and solely pursuant to its decisions and in accordance with the terms and conditions that it shall determine in this resolution, existing or new free Company shares (the "**2021 free share grants**").

History of free share grants				
Information on free shares granted				
	2021-1 free share grant	2021-DG free share grant	2021-2 free share grant	2021-3 free share grant
Date of the shareholders' meeting	11/06/2021			
Date of the Board of Directors	07/12/2021	24/03/2022	03/10/2022	05/12/2022
Total number of free shares granted	106,544	515,240	4,033	13,936
Nominal value of a share	€ 0.02	€ 0.02	€ 0.02	€ 0.02
Value of a share	€9.07	€7.91	€6.01	€5.95
Total number of shares granted to corporate officers	42,395	515,240	-	-
Nicolas Sordet	*22,444*	*257,620*	-	-
Jérémy Pessiot	*19,951*	*257,620*	-	-
Share vesting date	07/12/2022	Tranche 1[38]: 24/03/2023 Tranche 2[39]: 24/03/2024 Tranche 3[40]: 24/03/2025 Tranche 4[41]: 24/03/2025	03/10/2023	05/12/2023
End of retention period	07/12/2023	Tranche 1: 24/03/2024	03/10/2024	05/12/2024

[38] The vesting period for Tranche 1 (representing 10% of the grant to a given Beneficiary provided that the Employment Condition is met) is set at one (1) year from the date of the Board of Directors' decision.

[39] The vesting period for Tranche 2 (representing 10% of the grant to a given Beneficiary provided that the Employment Condition is met) is set at two (2) years from the date of the Board of Directors' decision.

[40] The vesting period for Tranche 3 (representing 10% of the grant to a given Beneficiary provided that the Employment Condition is met) is set at three (3) years from the date of the Board of Directors' decision.

[41] The vesting period for Tranche 4 (representing 70% of the initial grant to a given Beneficiary provided that the Employment Condition and, as the case may be, the Performance Condition are met or deemed to be met) is set at three (3) years from the date of the Board of Directors' decision. The Performance Condition is conditional on the achievement of performance criteria based on the value of the Company's share between 1 October 2021 and 1 October 2024, it being specified that the vesting of the shares in respect of Tranche 4 will depend on the performance condition achieved.

History of free share grants				
Information on free shares granted				
		Tranche 2: 24/03/2025 Tranche 3: 24/03/2026 Tranche 4: 24/03/2026		
Number of shares definitively granted as of the date of this Annual Financial Report	106,544	-	-	-
Total number of shares cancelled or lapsed as of the date of this Annual Financial Report	-	-	-	-
Free shares that may be granted as of the date of this Annual Financial Report	1,619,853[42]			

During the financial year ended 31 December 2022, the Board of Directors awarded 17,969 free shares to five employees who are not corporate officers.

4.5.2 AWARDS OF STOCK OPTIONS IN FINANCIAL YEAR 2022

In accordance with Article L.225-184 of the French Commercial Code, no stock options were granted in 2022.

4.5.3 GRANTS OF BSPCE FOR THE CURRENT FINANCIAL YEAR

By decisions dated 4 February 2022, the Board of Directors implemented the delegation of authority granted by the twenty-seventh resolution of the combined general meeting of 11 June 2021, which authorised the Board of Directors, pursuant to the provisions of Articles L.225-197-1 et seq. of the French Commercial Code, to issue, on one or more occasions and solely pursuant to its decisions and in accordance with the terms and conditions that it shall determine in this resolution, founder share warrants (the "**2021 BSPCE**").

History of the 2021 BSPCE	
Information on the 2021 BSPCE	
	2021 BSPCE issue plan

[42] By resolutions dated 15 June 2022, the combined general meeting set a common ceiling for the 2022 BSA, 2022 BSPCE, 2021 free share grants and 2021 Options, which was set at 1,679,297 in accordance with the seventeenth resolution of said meeting. As a result of the grant of 7,500 2022 BSPCE by decision of the Board of Directors on 5 July 2022, the issue of 20,000 2022 BSA by decision of the Board of Directors on 27 September 2022, the award of 4,033 2021 free share grants by decision of the Board of Directors on 3 October 2022 and the award of 13,936 2021 free share grants by decision of the Board of Directors on 5 December 2022, the award of 3,589 2021 free share grants by decision of the Board of Directors on 17 February 2023 and the award of 10,386 - 2021 free shares by decision of the Board of Directors on 21 March 2023, the ceiling now amounts to 1,619,853

History of the 2021 BSPCE		
Information on the 2021 BSPCE		
Date of the shareholders' meeting	11/06/2021	
Date of grant by the Board of Directors	04/02/2022	24/03/2022
Total number of BSPCE granted entitling the holder to one share per BSPCE	17,500	15,000
Total number of BSPCE granted to corporate officers	17,500	-
Stefan Borgas	*17,500*	-
Starting point for the exercise of BSPCE	04/02/2022	24/03/2022
Exercise terms and conditions	one-third (33.33%) of the 2021 BSPCE will be exercisable as from the expiration of a twelve (12) month waiting period as from the Grant Date, the remaining two-thirds (66.66%) of the 2021 BSCPE will be exercisable at a rate of 1/24th per month from the anniversary date of the Grant Date, with each month elapsed counted from the anniversary date of the Grant Date.	
Exercise price	€ 8.02	€ 8.02
Number of shares subscribed as of the date of this Annual Financial Report	-	-
Cumulative number of BSPCE cancelled or lapsed as of the date of this Annual Financial Report	-	-

History of the 2021 BSPCE	
Information on the 2021 BSPCE	
Number of BSPCE that may be granted as of the date of this Annual Financial Report	N/A[43]

By decisions dated 5 July 2022, the Board of Directors implemented the delegation of authority granted by the sixteenth resolution of the combined general meeting of 15 June 2022, which authorised the Board of Directors, pursuant to the provisions of Articles L.225-197-1 et seq. of the French Commercial Code, to issue, on one or more occasions and solely pursuant to its decisions and in accordance with the terms and conditions that it shall determine in this resolution, founder share warrants (the "**2022 BSPCE**").

History of the 2022 BSPCE:	
Information on the 2022 BSPCE	
	2022 BSPCE issue plan
Date of the shareholders' meeting	15/06/2022
Date of grant by the Board of Directors	05/07/2022
Total number of BSPCE granted entitling the holder to one share per BSPCE	7,500
Total number of BSPCE granted to corporate officers	7,500
Patrizia Marraghini	7,500
Starting point for the exercise of BSPCE	05/07/2022
Exercise terms and conditions	- one-third (33.33%) of the 2022 BSPCE will be exercisable as from the expiration of a twelve (12) month waiting period as from the Grant Date, - the remaining two-thirds (66.66%) of the 2022 BSCPE will be exercisable at a rate of 1/24th per month from the anniversary date of the Grant Date, with each month elapsed counted from the anniversary date of the Grant Date.
Exercise price	€ 6.90
Number of shares subscribed as of the date of this Annual Financial Report	-

[43] In its sixteenth resolution, the general meeting noted that the delegation of authority to issue 2022 BPSCE superseded any previous delegation of authority granted for the same purpose and that, consequently, the delegation of authority to issue 2021 BSPCE approved by the general meeting of 11 June 2021 was terminated.

History of the 2022 BSPCE:	
Information on the 2022 BSPCE	
Cumulative number of BSPCE cancelled or lapsed as of the date of this Annual Financial Report	-
Number of BSPCE that may be granted as of the date of this Annual Financial Report	1,619,853[44]

4.5.4 AWARDS OF 2022 SHARE SUBSCRIPTION WARRANTS (BSA) FOR THE CURRENT FINANCIAL YEAR

By decisions dated 27 September 2022, the Board of Directors implemented the delegation of authority granted by the fifteenth resolution of the combined general meeting of 15 June 2022, which authorised the Board of Directors, pursuant to the provisions of Articles L.225-138 I, L.225-129-2, L.228-91 and L.228-92 of the French Commercial Code, to issue, on one or more occasions and solely pursuant to its decisions and in accordance with the terms and conditions that it shall determine in this resolution, share subscription warrants in the Company (the "**2022 BSA**"). The 2022 BSA were granted to AFYREN Neoxy executives.

History of the 2022 BSA:	
	2022-1 BSA issue plan
Date of the shareholders' meeting	15/06/2022
Date of grant by the Board of Directors	27/09/2022
Total number of BSA granted	20,000
Subscription price	€ 1.08
Total number of shares granted to corporate officers	-
Starting point for the exercise of the 2022 BSA	07/12/2023
Exercise terms and conditions	The 2022-1 BSA may be exercised, on one or more occasions, by their holder and until the tenth year after 7 December 2023.
Exercise price	€ 7.33

[44] By resolutions dated 15 June 2022, the combined general meeting set a common ceiling for the 2022 BSA, 2022 BSPCE, 2021 free share grants and 2021 Options, which was set at 1,679,297 in accordance with the seventeenth resolution of said meeting. As a result of the grant of 7,500 2022 BSPCE by decision of the Board of Directors on 5 July 2022, the issue of 20,000 2022 BSA by decision of the Board of Directors on 27 September 2022, the award of 4,033 2021 free share grants by decision of the Board of Directors on 3 October 2022 and the award of 13,936 2021 free share grants by decision of the Board of Directors on 5 December 2022, the award of 3,589 2021 free share grants by decision of the Board of Directors on 17 February 2023 and the award of 10,386 - 2021 free shares by decision of the Board of Directors on 21 March 2023, the ceiling now amounts to 1,619,853.

History of the 2022 BSA:	
Number of shares subscribed as of the date of this Annual Financial Report	-
Cumulative number of 2022 BSA cancelled or lapsed as of the date of this report	-
Number of BSA that may be granted as of the date of this Annual Financial Report	1,619,853[45]

[45] By resolutions dated 15 June 2022, the combined general meeting set a common ceiling for the 2022 BSA, 2022 BSPCE, 2021 free share grants and 2021 Options, which was set at 1,679,297 in accordance with the seventeenth resolution of said meeting. As a result of the grant of 7,500 2022 BSPCE by decision of the Board of Directors on 5 July 2022, the issue of 20,000 2022 BSA by decision of the Board of Directors on 27 September 2022, the award of 4,033 2021 free share grants by decision of the Board of Directors on 3 October 2022 and the award of 13,936 2021 free share grants by decision of the Board of Directors on 5 December 2022, the award of 3,589 2021 free share grants by decision of the Board of Directors on 17 February 2023 and the award of 10,386 - 2021 free shares by decision of the Board of Directors on 21 March 2023, the ceiling now amounts to 1,619,853.

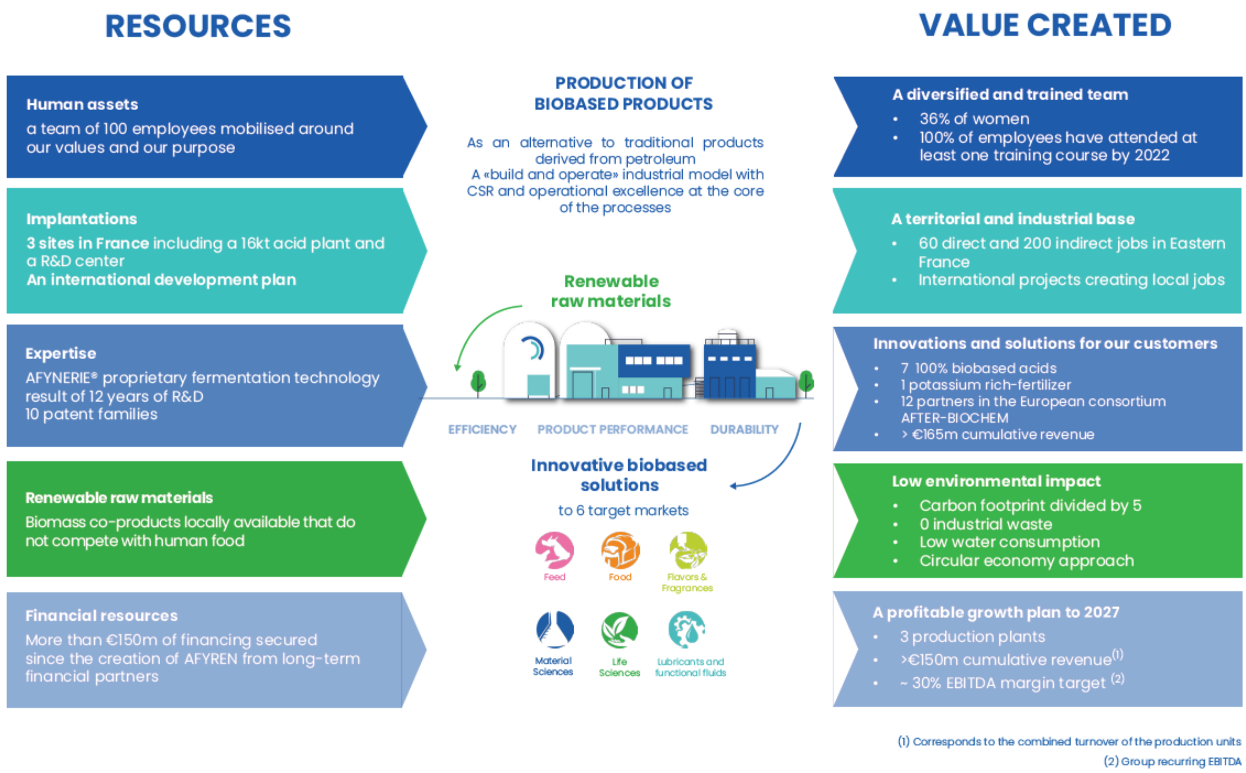
5. Sustainable development

5.1 SUSTAINABLE DEVELOPMENT AT THE HEART OF AFYREN'S VALUE CREATION MODEL

AFYREN has put sustainable development at the heart of its purpose:

> *"We enable low-carbon, circular industry by providing biobased solutions built with our partners to benefit the environment. "*

The AFYREN business model is built around this purpose with unique resources and know-how, which allow us to create value for our economy and our environment, while relying on a clear mission, a well-defined strategy and strong values.

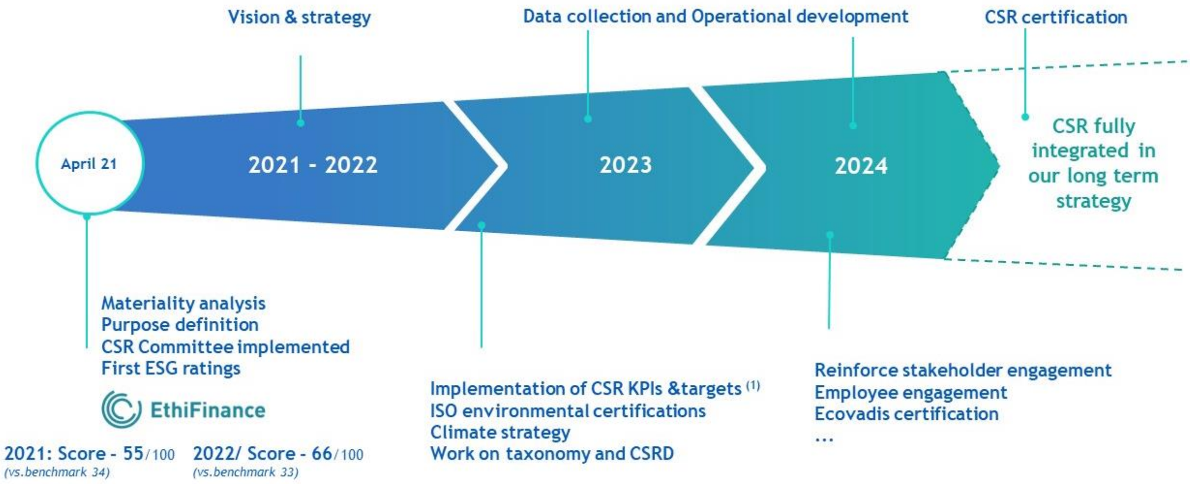


The AFYREN Group fully adheres to the principles of the United Nations Global Compact in the areas of human rights, labor, environment and anti-corruption and its business model also contributes to the achievement of several United Nations Sustainable Development Goals:

5.2 CSR GOVERNANCE

From the very beginning of the company, the managers wanted to give a very important place to sustainable development, which is at the heart of the project's value proposition. CSR was therefore integrated into the company's operational strategy at a very early stage, with a person in charge of CSR (Chief Sustainability Officer) on AFYREN's Executive Committee since 2021, in order to ensure maximum impact.

AFYREN continues to work on strengthening its CSR governance system with the establishment of a CSR committee within its Board of Directors in 2022. This committee supports the company in developing its CSR approach, according to an ambitious approach adapted to its level of development, with a gradual roadmap:



- 2021 - 2022: Vision, strategy and main CSR commitments; Policy and action plans
- 2023-2024 : Rollout, monitoring of stakeholder engagement

Three years ago, AFYREN initiated a non-financial evaluation process by EthiFinance, to provide a working framework aligned with best market practices. This assessment enables the company to steer its CSR approach in a continuous improvement process and has shown a performance clearly above the market and in constant progress:

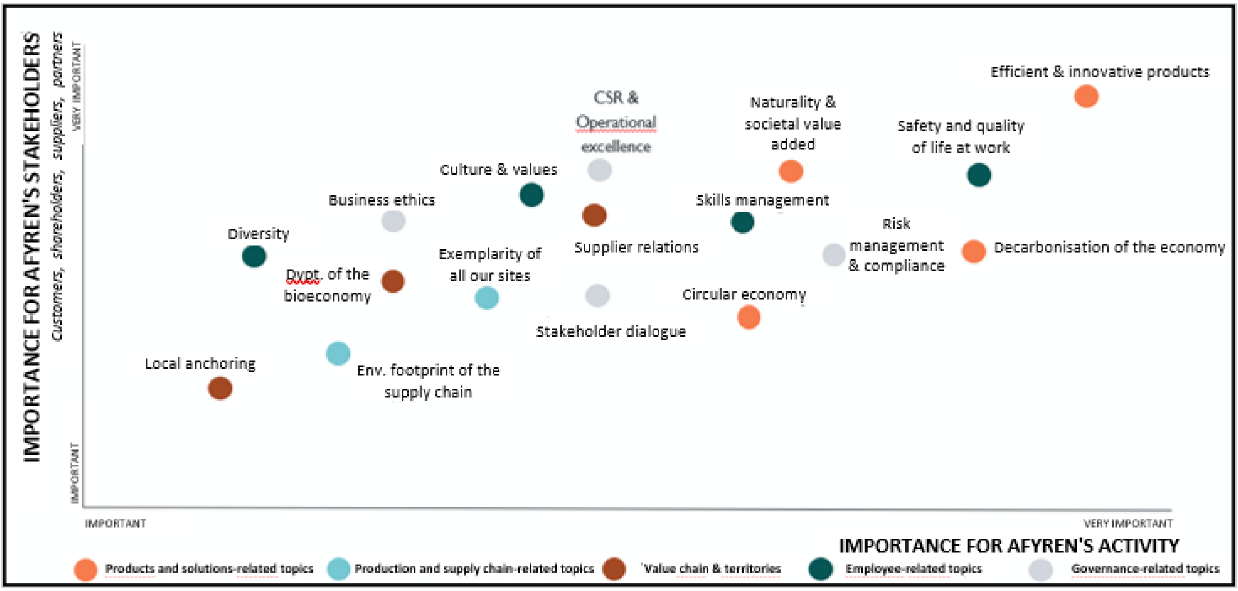
	2020 performance	2021 performance	2022 performance
EthiFinance non-financial assessment	55 (56 rebased)[46]	66 (72 rebased)	**78**
EthiFinance benchmark for the "Industry" sector with less than 100 employees	34	33	N.A.

In its 2022 campaign (based on data from the 2021 financial year), EthiFinance assessed AFYREN with a rating of 72/100, which placed the company in the TOP 5 of the 79 companies in its sub-sector (materials). In 2023, EthiFinance rated AFYREN's CSR performance at 78/100, which corresponds to a GOLD level. The company's positioning in relation to its peers will be available at the end of 2023, at the end of EthiFinance's 2023 assessment campaign.

In 2023, AFYREN joined the Business Convention for the Climate - CEC (Lyon area) in order to engage with expert stakeholders, share with other economic and scientific players and accelerate the definition of an ambitious roadmap to meet the societal and environmental challenges. The goal of this roadmap will be to position us as a regenerative company.

5.3 A CLEAR DEFINITION OF AFYREN'S CSR OBJECTIVES AND COMMITMENTS

To ensure that the Group's commitments and ambitions are aligned with the main impacts of its business and the expectations of its stakeholders, AFYREN conducted a consultation with its internal and external stakeholders in 2021. This has enabled us to position the main CSR issues identified by AFYREN in relation to its value creation model.



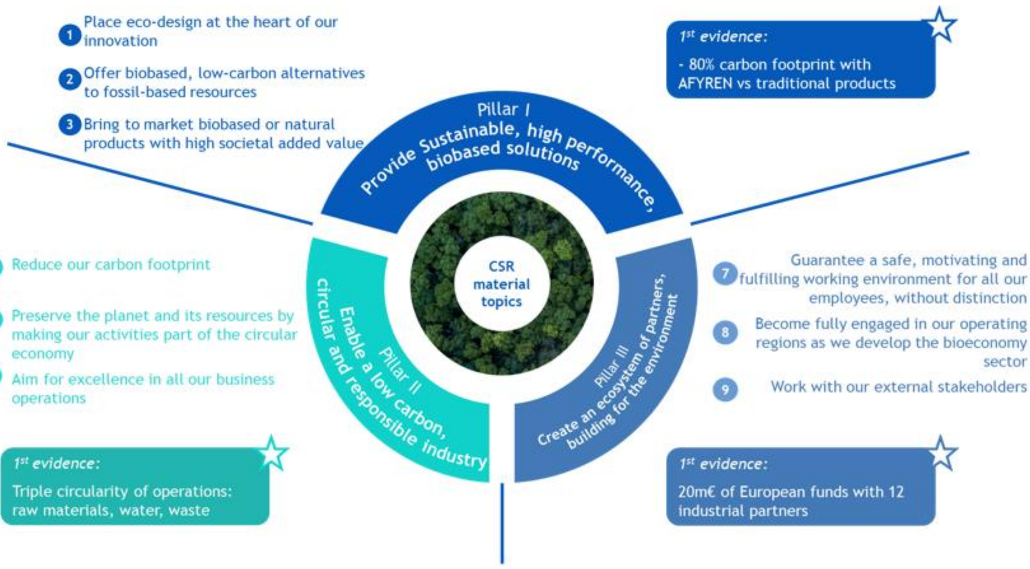
[46] Change in the reference framework between 2021 and 2022 leading to a revaluation of ratings

Materiality matrix of AFYREN's CSR challenges - 2021

At the same time, a reflection was undertaken to define AFYREN's purpose and its outcome is the result of consultation between employees and external stakeholders, carried out in order to define the company's development course.

AFYREN's defined purpose is to ***enable low-carbon, circular industry by providing biobased solutions built with our partners to benefit the environment***. Three priority areas of commitment and nine CSR commitments are derived from this purpose and materiality analysis

- Pillar I - Products & innovation:
  Provide sustainable, high-performance, biobased solutions
- Pillar II - Operations & governance:
  Enable a low carbon, circular, and responsible industry
- Pillar III - Employees & stakeholders:
  Create an ecosystem of partners, building for the environment



5.4 PROVIDE SUSTAINABLE, HIGH-PERFORMANCE, BIOBASED SOLUTIONS

AFYREN's ambition is to contribute to a decarbonised world by replacing petroleum-based products with biobased products. This ambition goes beyond the carbon issue: the AFYREN teams innovate to develop eco-designed solutions that meet the needs and expectations of society.

Commitment 1: place eco-design at the heart of our innovation

AFYREN systematically evaluates the social and environmental impact of its products throughout their life cycle to improve them.

In order to maintain our unique model of a three-way circular, low-carbon bioeconomy that optimises resources, our entire product portfolio is systematically assessed via a life cycle analysis (LCA) as part of a continuous improvement process. AFYREN has already conducted several LCAs to quantify the sustainability of its products using a standardised method (ISO 14040-14044).

We use LCA as a central diagnostic tool for continuous improvement, but also as a predictive tool to help us assess the impact of each project in advance.

AFYREN incorporates sustainability criteria in the management of its research and development activities.

We have decided to integrate sustainability criteria into the management of our R&D activities. Our portfolio of innovation projects is managed with a 5-step process: preliminary assessment, feasibility, lab tests, scale-up, industrialisation, marketing. CSR performance criteria (carbon footprint and energy mix, nature of raw materials and transport) are taken into account from phase 1, allowing the selection of projects that bring a benefit in terms of sustainability compared to the existing are pursued.

Commitment 2: offer biobased, low-carbon alternatives to fossil-based resources

AFYREN produces industrial quantities of biobased products

AFYREN NEOXY, AFYREN's first plant, has an installed production capacity of 16,000 tonnes per year. Eventually, this industrial production will save more than 30,000 tonnes of greenhouse gas emissions per year (CO2 equivalent) compared to traditional products. AFYREN intends to continue its industrial development to reach an installed production capacity of 72,000 tonnes of biobased acids by 2027.

AFYREN focuses its efforts on developing solutions with a significantly reduced carbon footprint compared to market standards.

Based on the cradle-to-gate LCAs performed, the carbon footprint of AFYREN's acids is on average 5 times lower than that of equivalent petroleum-based acids on the market. Detailed results are available here. This assessment will be updated using real industrial production data and new methodologies recommended by the authorities (see PEFs, green claims, etc.)

Commitment 3: bring to market biobased or natural products with high societal added value

AFYREN also ensures that the technology used makes it possible to manufacture products that respect the health and safety of consumers and are as close as possible to their requirements.

The unique biotechnological approach developed by AFYREN is a biomimetic process based on natural micro-organisms, which makes it possible to obtain pure molecules that meet market specifications.

Since 2016, AFYREN has held ECOCERT and COSMOS accreditation for all its acids in the cosmetic and detergent benchmarks. Such certifications are decisive for accessing high value-added markets, such as cosmetics, where many leading players aim to use only biobased and certified products. AFYREN acids also comply with EU Natural 1334/2008 and ISO 16128 standards. GMP+ and FSSC22000 certifications are in preparation.

AFYREN ensures that its use of raw materials does not directly compete with human food.

Since its creation, AFYREN has chosen to focus its efforts on transforming biomass by-products that do not compete directly with human food. This strategy, made possible by the versatility of AFYREN's technology, is a strong choice in the company's positioning. For its first plant, AFYREN uses by-products from sugar beet farming. For its second industrial project (located in Asia), AFYREN plans to use sugar cane by-products.

5.5 ENABLE A LOW CARBON, CIRCULAR, AND RESPONSIBLE INDUSTRY

AFYREN wants to demonstrate that it is possible to combine efficient industry with a positive impact for society. In addition to the solutions that AFYREN brings to the market, the Group is committed to conducting and developing its activities in an exemplary manner. The Company is constantly looking for pragmatic and innovative solutions to reduce its negative impacts on the environment and society and maximise its positive impacts. This is taken into account throughout its industrial development, in France and internationally.

Commitment 4: reduce our carbon footprint

<u>AFYREN takes ambitious measures to optimise the energy efficiency of production sites and administrative buildings.</u>

For the construction of its first plant, AFYREN used equipment that optimises energy consumption right from the design stage. A more detailed diagnosis will be carried out once sufficient data from the industrial production are available.

<u>AFYREN sources its raw materials from the regions where it operates and, as far as possible, uses local service providers</u>

The AFYREN NEOXY plant is located close to supply sources (at the heart of the sugar beet growing area) and operates in a short supply chain. In its international development, AFYREN retains this model and focuses its research primarily on locally available biomass residues. For example, the Company’s second project in Asia is based on the use of sugar cane by-products, very important biomass residues in the region, for which a new recycling channel is provided.

<u>AFYREN is expanding internationally while seeking to limit its carbon footprint, through consistent choices of location and the use of local low-carbon solutions.</u>

In order to better serve its customers worldwide, AFYREN is pursuing its international industrial development, with a first international project in Thailand. This project is based on the recycling of sugar cane by-products and benefits from access to electricity and steam produced by biomass cogeneration. AFYREN is thus pursuing its commitment to produce biobased acids with a much lower carbon footprint than traditional production based on petroleum-based raw materials.

Commitment 5: preserve the planet and its resources by making our activities part of the circular economy

<u>AFYREN's industrial sites are part of a circular approach to reduce waste and optimise its reuse, recycling and recovery.</u>

The AFYREN model is based on a “zero industrial waste” process: everything that comes out of fermentation process is recovered. In addition to the seven organic acids produced, the remaining material returns to the soil in the form of potassium-rich fertiliser (permitted in Organic Agriculture). In addition, the process operates in a closed loop to minimise the use of water. This concept of a completely circular biorefinery applies to all its industrial sites and goes hand in hand with responsible management of other waste at each site.

<u>AFYREN implements a certified environmental management system at each of its industrial sites.</u>

The Company has begun to put in place the tools and processes required to obtain environmental and industrial excellence certifications such as ISO 9001, ISO 14001 and ISO 45001.

AFYREN chooses raw materials from organic residues or biomass by-products.

Since its creation, AFYREN has chosen to focus its efforts on the processing of biomass by-products or residues. This approach, which serves a global objective of circularity and preservation of natural resources, also makes it possible to secure supplies of raw materials, reduce the risks associated with pressures on biomass (diseases, climate change, etc.) and perpetuate the economic equation of these raw materials producers.

Commitment 6: aim for excellence in all our business operations

AFYREN ensures sustainable, open and ethical corporate governance.

AFYREN's governance system is detailed in chapter 4 of this report. It has been strengthened to address specific CSR issues in recent years. With the establishment of a Compensation Committee, an Audit Committee and a CSR Committee attached to its Board of Directors, the Company now has effective governance tools to support its development. AFYREN has also recently updated its core governance documents, such as its code of ethics, its supplier code of conduct and a responsible purchasing policy.

AFYREN places corporate social responsibility and operational excellence at the heart of its strategy and processes.

Corporate Social Responsibility and operational excellence are at the heart of AFYREN's strategy and processes, with a CSR director positioned at the Executive Committee level and a sustainable, open and ethically focused responsible governance system.

The AFYREN Global Performance operational excellence program is based on a coherent whole that brings together an effective management system, continuous improvement, reliable data and the behavioural aspect of its teams. Human capital is at the heart of this programme, which focuses on the principles of caring and high standards, which are concretely translated into the empowerment of each individual.

In order to ensure the security of its IT systems, AFYREN has set up a global programme on cybersecurity comprising: annual IT system audits, a long-term action plan (according to the EBIOS method) and internal training. On this last point, all AFYREN employees are made aware of cybersecurity as soon as they join the company and then via regular phishing campaigns. 62% of AFYREN's employees with an email address have undergone dedicated cybersecurity training and specific training is given to those who need it.

The main risks have been mapped out and are monitored with the managers of the relevant processes (see chapter 3).

5.6 CREATE AN ECOSYSTEM OF PARTNERS, BUILDING FOR THE ENVIRONMENT

AFYREN's project was made possible thanks to the mobilisation and commitment, over time, of our internal and external stakeholders. Through active dialogue, AFYREN is working to strengthen its ability to bring partners together. We want to create a force for attraction so we can help create an industry that places respect for the environment, in the broadest sense, at the heart of its concerns. With this in mind, particular attention is paid to its employees, to whom we are committed to creating conditions conducive to innovation and shared well-being.

Commitment 7: guarantee a safe, motivating and fulfilling working environment for all our employees, without distinction

AFYREN takes care of its employees, creating the conditions for their safety and well-being.

Safety is at the heart of AFYREN's approach, which promotes a zero accident culture and a safe and sustainable working environment. To achieve this, the Company has developed a structural framework with an occupational health and safety policy based on awareness, communication and team involvement. 100% of employees have been trained in safety issues and rules (golden rules, workstation safety, single document, etc.). The Chemesis industrial platform also offers tools to better manage the health and safety of employees and local residents (safety drills, fire-fighting team, shared occupational health service).

In 2022, AFYREN recorded two workplace accidents without lost time. Although not serious, these accidents were nevertheless analysed in depth in order to implement appropriate immediate corrective and preventive actions.

	2021	2022
Number of lost-time accidents - AFYREN employees	**0**	**0**
Number of accidents without time off work - AFYREN employees	**0**	**2**
Number of accidents with or without lost time - subcontractors	**0**	**0**

To develop an effective safety culture, AFYREN organises frequent discussion sessions (safety talks) within the teams to collectively observe work situations, to remind them of the rules of behaviour and to reinforce best practices. Furthermore, reporting of observations is strongly encouraged using an easy-to-use tool; the number of reports is monitored monthly

AFYREN builds a competent and diverse team through training and career paths that value the talents and aspirations of each individual.

At the end of 2022, the AFYREN Group 114 employees and is committed to maintaining a diversified and balanced team, in a spirit of equal opportunities between women and men, younger and older people, and employees with very different professional backgrounds and qualifications.

	2021	2022
Total workforce (end-of-period FTE)	**70**	**114**
Of which % women	**33%**	**36%**
Of which % young people (<30 years old)	**29%**	**32%**
Of which % seniors (>50 years old)	**13%**	**14%**
Average age	**36**	**37**
Share of permanent contracts in the workforce (in %)	**91%**	**90%**

AFYREN brings the company's values to life on a daily basis through a managerial culture based on employees' goodwill and participation.

Lastly, AFYREN works to develop a strong corporate culture, based on two key principles: caring and high standards and three strong values, the real glue of our business model: commitment, agility, humility. These values have been developed jointly with all employees and have been the subject of ownership seminars attended by the entire Group.

At the end of 2022, AFYREN initiated an internal survey of all of the group's employees, regardless of contract or status. The purpose of this survey is to take the pulse of the organisation by identifying strengths and weaknesses. The results of this survey, which will be available in 2023, will enable the implementation of action plans, both at Group level and by department, in order to continue to uphold the company's values and improve working conditions.

Commitment 8: become fully engaged in developing the bioeconomy in our territories

AFYREN is strengthening its relationships in the agricultural sector to develop a new biomass value chain.

AFYREN's development is based on collaboration with players across the bioeconomy, from the agricultural upstream to various downstream sectors, in an effort to develop a new biomass value chain. The company has already established several strategic partnerships with players in its value chain, including:

- upstream for the supply of raw materials, with Südzucker in Europe (sugar beet by-products) and more recently with Mitr-Phol in Asia (sugar cane by-products);

- downstream, to develop sustainable solutions for agriculture: partnership with Terrial (French leader in organic fertilisation) for the supply of a potassium-rich fertiliser that can be used in organic farming, and more recently partnership with Cearitis (an innovative start-up in the field of biocontrol), for the marketing of a sustainable and effective pest control system for farmers. This latter cooperation secures Cearitis' supply of biobased and low-carbon raw materials and allows AFYREN to enter a market that is particularly dear to it, in line with its biorefinery model focused on agriculture.

AFYREN promotes employability at the local level and supports people who encounter difficulties.

In addition, AFYREN NEOXY has continued to invest in the development of the local employment area with the recruitment of 35 employees on permanent contracts. Operator recruitment was finalised in 2022 and the support services have been structured. The results of the partnerships that had been established with local stakeholders, in particular the Moselle-Est Technical Institute (Saint-Avold) and the employment agencies, are very positive: 100% of MRS operators are still present at the end of 2022. AFYREN NEOXY has strengthened its skills development system to train its teams, particularly in production process activities (distillation, chemistry, safety, etc.).

AFYREN is also anchored in the regions where it operates via platforms such as the biopole in Clermont Ferrand and the Chemesis industrial platform in Carling Saint Avold. The Company has received support from many local and national partners and institutional players (AURA Region, Grand Est Region, French Tech 120, IAR division, Axelera hub).

In the Auvergne-Rhône-Alpes region, AFYREN's workforce based at the Lyon and Clermont-Ferrand sites has almost doubled in two years, from 22 at the end of December 2020 to 41 at the end of December 2022.

Commitment 9: cooperate with our external stakeholders

AFYREN consolidates its relationships based on dialogue and trust with its stakeholders.

The materiality analysis conducted in 2021 has allowed AFYREN to map its stakeholders and to launch a dialogue process that will be pursued on a regular and enhanced basis.

AFYREN is present in various professional organisations aiming to advance the industrial consideration of sustainability issues, and in particular in several competitiveness hubs, the Association of Plant Chemistry (ACDV) or the Bioeconomy working group set up under the Business Act of the Grand Est region. In this respect, AFYREN has also been audited by the Economic, Social and Environmental Council of the Grand Est region on the challenges of the bioeconomy.

AFYREN sets up innovative collaborative projects to develop new solutions.

Since its creation, AFYREN has worked closely with multiple local and national partners to enable its development. A major achievement of this ambition is the implementation, at the initiative of AFYREN, of an innovative European project, AFTERBIOCHEM,[47] aimed at developing the first biorefinery of its kind in Europe around 12 key players in the bioeconomy (Südzucker AG, Technip Energies, Kemin Europa NV, Terrial, Sphera, Pole Bioeconomy for change, PNO Consultants, Firmenich SA, Fiabila, Suez Groupe and Celanese Europe BV). The project is supported by the European Commission and the European Joint Undertaking Bio Based Industry (BBI-JU), which is providing a €20 million grant for the project, which will run until May 2024.

In addition, the company maintains close ties with the Axelera, Bioeconomy for Change and Innov Alliance competitiveness clusters.

Lastly, the Company has received numerous awards recognising the innovative nature of its business, including the 2030 Global Innovation Competition in the "Plant proteins and plant chemistry" category (full list in 3.2.1).

AFYREN shares its sustainability performance with its external partners.

While waiting to have enough concrete operational data to carry out a proper CSR reporting, AFYREN is starting to share its vision, commitments and concrete actions on its website and in dedicated publications[48]. The company maintains an open and regular dialogue with its stakeholders, in particular customers and investors, on its CSR performance via ad hoc questionnaires, regular interviews and participation in dedicated events.

[47] https://after-biochem.eu/
[48] https://afyren.com/vision/

6. APPENDIX 1 – AFYREN ANNUAL FINANCIAL STATEMENTS AND STATUTORY AUDITOR'S REPORT

BALANCE SHEET

Assets			At 31/12/2022 Gross amount	At 31/12/2022 Deprec., amort. or prov.	At 31/12/2022 Net amount	At 31/12/2021
Uncalled subscribed capital						
Fixed assets	Intangible assets	Start-up costs				
		Development costs	3,681,511	1,484,708	2,196,803	2,564,954
		Concessions, patents and similar rights	744,220	225,039	519,180	534,688
		Goodwill (1)				
		Other intangible assets				
		Intangible assets in progress	904,944		904,944	659,956
		Advances and payments on account				
		TOTAL	5,330,676	1,709,747	3,620,929	3,759,600
	Property, plant and equipment	Land				
		Buildings				
		Plant, machinery and equipment				
		Other property, plant and equipment	450,906	270,428	180,478	83,630
		Assets under construction	100,444	43,008	57,436	53,562
		Advances and payments on account	119,753		119,753	1,957
		TOTAL	671,104	313,436	357,667	139,149
	Financial fixed assets (2)	Equity-accounted investments				
		Other investments				
		Receivables from equity investments	23,501,150		23,501,150	23,501,150
		Portfolio securities				
		Other long-term investments				
		Loans	174,896		174,896	71,483
		Other financial fixed assets	132,499		132,499	258,200
		TOTAL	23,808,546		23,808,546	23,830,833
Total fixed assets			29,810,327	2,023,184	27,787,143	27,729,582
Current assets	Inventories	Raw materials and supplies				
		Work in progress - goods				
		Work in progress - services				
		Intermediate and finished products				
		Goods				
		TOTAL				
	Advances and deposits paid on orders		572		572	
	Receivables(3)	Trade receivables	788,343		788,343	621,744
		Other receivables	538,483		538,483	848,947
		Subscribed capital called but not paid				
		TOTAL	1,326,826		1,326,826	1,470,691
	Other	Marketable securities				
		(of which treasury shares:)				
		Cash instruments				
		Cash and cash equivalents	62,332,680		62,332,680	67,128,050
		TOTAL	62,332,680		62,332,680	67,128,050
Prepaid expenses			113,860		113,860	74,192
Total current assets			63,773,940		63,773,940	68,672,934
Borrowing costs to be deferred						
Loan repayment premiums						
Foreign currency translation - assets						
TOTAL ASSETS			93,584,268	2,023,184	91,561,084	96,402,517
References: (1) Of which leasehold rights						
(2) Of which current portion (gross) of financial fixed assets					71,038	230,402
(3) Of which receivables due in more than one year (gross)						
Retention of title clause		Fixed assets		Inventories		Trade receivables

	Liabilities	At 31/12/2022	At 31/12/2021
Equity	Share capital (of which paid up: 517,371)	517,371	515,240
	Issue, merger and contribution premiums	85,088,611	85,069,142
	Revaluation adjustments		
	Equity accounting adjustments		
	Reserves		
	Legal reserve	1,150	1,150
	Statutory reserves		
	Regulated reserves		
	Other reserves		
	Retained earnings	-5,828,201	-3,133,197
	Previous results pending appropriation		
	Profit (loss) for the period	-3,891,654	-2,695,004
	Net position before appropriation	75,887,276	79,757,330
	Investment grant	788,836	852,975
	Regulated provisions		
	Total	76,676,113	80,610,306
Other equity	Equity securities		
	Conditional advances		
	Total		
Provisions	Provisions for risks	13,900	13,900
	Provisions for charges	192,330	7,615
	Total	206,230	21,515
Liabilities	Borrowings and similar liabilities		
	Convertible bonds	3,900,722	3,826,867
	Other bonds		
	Bank loans and borrowings (2)	2,348,823	2,658,963
	Other borrowings and financial liabilities (3)	2,368,482	2,705,092
	Total	8,618,028	9,190,923
	Advances and deposits received on orders (1)		
	Trade payables	384,572	510,917
	Tax and social security liabilities	1,065,863	841,165
	Fixed asset liabilities	134,935	2,348
	Other liabilities		
	Cash instruments		
	Total	1,585,370	1,354,431
	Deferred income	4,475,342	5,225,342
	Total liabilities and deferred income	14,678,741	15,770,696
	Foreign currency translation - liabilities		
	TOTAL LIABILITIES AND EQUITY	91,561,084	96,402,517
	Real estate leasing		
	Equipment leasing		3,727
	Discounted bills not yet due		
	Liabilities and deferred income, except (1), due in more than one year	7,014,565	12,785,870
	due in less than one year	7,664,176	2,984,826
	References: (2) of which bank overdrafts and bank credit balances		
	(3) of which equity loans		

INCOME STATEMENT

		France	Export	From 01/01/2022 to 31/12/2022 12 months	From 01/01/2021 to 31/12/2021 12 months
Operating income (1)	Sales of goods				
	Production sold: - Goods				
	- Services			859,999	882,264
	Net revenues			859,999	882,264
	Production transferred to inventory				
	Capitalised production			226,798	49,262
	Partial net income on long-term transactions				
	Operating grants			37,093	9,657
	Reversals of depreciation and provisions, expense transfers			156,616	27,023
	Other income			1,929,457	1,486,749
	Total			3,209,966	2,454,957
Operating expenses (2)	Goods — Purchases				
	Goods — Change in inventories				
	Raw materials and other supplies — Purchases			155,640	88,269
	Raw materials and other supplies — Change in inventories				
	Other purchases and external expenses (3)			2,471,078	1,598,878
	Duties, taxes and similar payments			45,784	33,213
	Wages and salaries			2,821,804	2,224,746
	Social security contributions			1,108,075	841,780
	Operating provisions •on fixed assets — Depreciation			519,071	461,783
	Operating provisions •on fixed assets — Provisions				
	Operating provisions •on current assets				
	Operating provisions •for risks and charges			184,715	7,615
	Other expenses			46,927	9,543
	Total			7,353,097	5,265,830
	Operating income A			-4,143,131	-2,810,873
Joint c	Profit allocated or loss transferred B				
	Loss incurred or profit transferred C				
Financial income	Financial income from investments(4)				
	Financial income from other marketable securities and receivables from fixed assets (4)				
	Other interest and similar income (4)			178,954	2,668
	Reversals of provisions, transfers of expenses				
	Foreign exchange gains			391	
	Net income from sales of marketable securities				
	Total			179,346	2,668
Financial expenses	Financial depreciation, amortisation and provisions				
	Interest and similar expense (5)			299,831	301,374
	Foreign exchange losses			641	265
	Net expenses on disposals of marketable securities				
	Total			300,472	301,640
	Net financial income (expense) D			-121,126	-298,972
	CURRENT PROFIT (LOSS) BEFORE TAX (± A ± B - C ± D) E			-4,264,257	-3,109,845

		From 01/01/2022 To 31/12/2022 12 months	From 01/01/2021 To 31/12/2021 12 months
Extraordinary income	Extraordinary income on management operations		
	Extraordinary income on capital transactions	138,080	195,882
	Reversals of provisions and expense transfers		
		138,080	**195,882**
Extraordinary expenses	Extraordinary expenses on management transactions	375	-2,075
	Extraordinary expenses on capital transactions	129,892	22,153
	Extraordinary depreciation, amortisation and provisions		
		130,267	**20,078**
Non-current income	F	**7,812**	**175,803**
Employee profit sharing			
Corporate income tax		-364,791	-239,037
PROFIT OR LOSS (± E ± F - G - H)		**-3,891,654**	**-2,695,004**

References

(1)	Of which	operating income from previous years		
		after-tax impact of error corrections		
(2)	Of which	operating expenses relating to prior years		
		after-tax impact of error corrections		
(3)	Including	- equipment leasing fees		
		- real estate leasing fees	1,032	19,308
(4)	Of which income from related entities			
(5)	Of which interest relating to related entities			

SA AFYREN

Basic notes to the financial statements for the year ended 31/12/2022

1. Significant events of the year

1.1. Main events of the financial year

The purpose of AFYREN, created in April 2012, is research and development in the field of environmental and industrial biotechnologies and ecotechnologies.

- Financing:

Afyren made an initial principal repayment of €0.3 million on State guaranteed loans taken out in May 2020 for a total amount of €2.6 million with Banque Populaire, BNP, Crédit Agricole and BPI.

- Financial instruments:

As part of its strategy of attracting and retaining the company's executives and employees, the Board of Directors has implemented the delegation of authority granted by the combined general meeting of 11 June 2021 to issue financial instruments:

- 17,500 2021 BSPCE in February 2022, 15,000 2021 BSPCE in March 2022 and 7,500 2021 BSPCE in July 2022 to the Chairman of the Board of Directors, an AFYREN employee and a director, respectively;
- 20,000 2022 BSA in September 2022 to the Chairman of AFYREN NEOXY ;
- 257,620 free shares in March 2022 to each of the two executives. Vesting of the shares is spread in 4 tranches over a period of 3 years, subject to continued employment and, for the 4th tranche, market performance;
- 17,969 free shares in October and December 2022 to five company employees.

- Significant progress on ESG:

Underpinned by ambitious governance, with a Corporate Social Responsibility director on AFYREN's executive committee since 2021 and a CSR committee chaired by director - Caroline Lebel - appointed at the combined general meeting in June 2022, ESG has made significant progress in 2022.

In the first quarter, following a consultation with its internal and external stakeholders, AFYREN formulated its Purpose Statement: "*We enable low-carbon, circular industry by providing biobased solutions built with our partners to benefit the environment*". The Company's ESG roadmap is therefore naturally structured around these three pillars.

In June 2022, the combined general meeting also approved the appointment of a new independent director, Patrizia Marraghini, who heads AFYREN’s Audit Committee. Patrizia brings many years of experience in legal, financial, commercial and contractual matters in large international listed companies.

As of the date of this document, the Board therefore has two independent directors, including the Chairman, and has a 29% gender balance.

AFYREN's constant efforts to document and improve its processes in relation to the company's sustainable development have led to a significant improvement in its ESG rating. At the beginning of 2022, AFYREN obtained an Ethifinance rating of 66/100, up 11 points from the previous year, which allows it to expect the "Advanced +" level, which highlights a significantly higher level of ESG maturity (+33 pts) than that observed for comparable companies (in terms of workforce and business sector).

1.2. Subsequent events

In January 2023, AFYREN announced that it had entered into a partnership [(1)] with Mitr Phol, a world leader in the sugar industry, to set up a biorefinery in Thailand. This project, carried out by a joint venture owned by AFYREN (70%) and Mitr Phol (30%), targets the Asian market, which accounts for 25% of the global carboxylic acid market. This second plant aims to have a production capacity of approximately 28,000 tonnes per year, representing revenues of approximately €60 million at full capacity. The construction and production start-up schedule is to be set after engineering studies planned for the second half of 2023.

[(1)] *This agreement is expected to be finalised in mid-2023, subject to the parties' agreement on the final terms of the partnership.*

1.3. Accounting principles, rules and methods

The annual financial statements have been prepared in accordance with the provisions of the French Commercial Code and ANC Regulation 2014-03 of 5 June 2014, updated by ANC Regulation 2018-07 of 10 December 2019.

General accounting conventions have been applied in accordance with the principle of prudence, using the following standard assumptions: going concern, consistency of accounting methods from one year to the next, and independence of financial years, in accordance with the general rules for preparing and presenting annual financial statements.

2. Balance sheet information

2.1. Assets

2.1.1. Intangible assets

Intangible assets are valued at their acquisition cost after deducting rebates, discounts and refunds, or at their production cost.
An impairment loss is recognised when the present value of an asset is less than the net carrying amount
With the exception of trademarks, which are not amortised, amortisation of intangible assets is calculated using the straight-line method over 10 years

2.1.1.1. R&D expenses

The method used for research and development costs is to capitalise them. These expenses are thus amortised over a period of 10 years.
Intangible assets in progress correspond to R&D costs relating to the R&D Booster project.
Capitalised production comprises internal staff costs, valued at € 226,798.

2.1.2. Property, plant and equipment

Property, plant and equipment are valued at their acquisition cost, consisting of directly attributable costs incurred to bring these assets into working order according to their intended uses.
Depreciation is calculated on a straight-line basis according to useful life or expected useful life:

- Industrial equipment and tools	3 years
- Equipment and tools	1 to 3 years
- Furniture	2 to 5 years

2.1.2.1. Main movements during the financial year

(€)	Start of year	Acquisitions	Disposal / scrapping	Gross value at end of year	Depreciation at the beginning of the year	Depreciation for the year	Accumulated depreciation at end of year	NBV at end of year
Development costs	3,681,511	-	-	3,681,511	-1,116,557	-368,151	-1,484,708	2,196,803
Concessions, patents	685,109	59,111	-	744,220	-150,420	-74,619	-225,039	519,181
Intangible assets in progress	659,957	224,988	-	904,944	-	-	-	904,944
Technical installations and industrial equipment and tools	293,576	222,330	-65,000	450,906	-209,946	-60,482	-270,428	180,478
General fixtures and fittings	57,359	18,139	-	75,498	-14,771	-12,200	-26,971	48,527
Office and IT equipment, furniture	23,392	1,555	-	24,947	-12,418	-3,619	-16,037	8,910
Property, plant and equipment in progress	1,957	117,796		119,753		-	-	119,753
TOTAL	5,402,862	301,135	-65,000	6,001,779	-1,504,113	-519,072	-2,023,184	3,978,595

2.1.3. Financial fixed assets

(€)	Start of year	Acquisition of contributions Transfers	Decrease	End of financial year
Equity-accounted investments	23,501,150	-	-	23,501,150
Equity investments (including those measured using the equity method above)	-	-	-	-
Receivables from equity investments	-	-	-	-
Treasury shares	71,483	103,414	-	174,897
Other fixed assets	230,403	-	159,365	71,038
Loans and other financial fixed assets	27,798	35,059	1,395	61,462

Equity investments are valued at their acquisition cost excluding incidental expenses. The carrying amount of the securities corresponds to the value in use for the company. It is determined on the basis of the subsidiary's net assets, profitability and future prospects. When the carrying amount is lower than the acquisition cost, an impairment loss is recognised for the amount of the difference.
During the 2021 financial year, AFYREN signed a liquidity and market surveillance agreement to ensure the liquidity of transactions and regular trading of its shares. For the performance of this contract, Afyren made available to the co-contractor a sum of €300,000 in cash to this liquidity account. As of 31 December 2022, the value

of this account was divided between "Treasury shares" for the portion invested in securities and "Other fixed assets" for the portion in cash available in the liquidity account.

2.1.3.1. Information on subsidiaries and affiliates

2.1.3.1.1. Detailed information on subsidiaries and affiliates

Subsidiaries (+50% share capital held)	Share capital / Result and carryforwards before appropr.	Share % / Dividends	Carrying amount of securities held Gross / Net	Revenues excl. taxes / Results	Loans/advances not repaid / Guarantees
SAS AFYREN NEOXY	46,100,999	50.62%	23,501,000	-	
841 603,350	- 6,853,026		23,501,000	- 7,886,719	

2.1.4. Accrued income

(€)	Amount
Customers - Invoices to be issued	494,188
Social security bodies	2,086
State	-
Other	32,500
Accrued interest	146,321
TOTAL	675,095

2.1.5. Receivables

Receivables are measured at their nominal value and an impairment loss is recognised when the inventory value is lower than the book value.

(€)	STATEMENT OF RECEIVABLES		Gross amount	Due within 1 year	Due in more than 1 year
OF FIXED ASSETS	Receivables from equity investments		-	-	-
	Loan		-	-	-
	Other financial fixed assets		61,462	-	61,462
	Treasury shares and related liquidity account		245,935	245,935	-
OF CURRENT ASSETS	Doubtful or disputed trade receivables		-	-	-
	Other trade receivables		788,343	788,343	-
	Employee-related payables		834	834	-
	Social security and other social bodies		2,086	2,086	-
	State and other public authorities	Corporate income tax	364,791	364,791	-
		Value added tax	95,724	95,724	-
		Other duties, taxes and similar payments	-	-	-
		Other	36,900	36,900	-
	Groups and associates		5,648	5,648	-
	Sundry debtors		32,500	32,500	-
Prepaid expenses			113,861	113,861	-
		TOTAL	1,748,084	1,686,622	61,462

2.2. Liabilities

2.2.1. Equity

2.2.1.1. Statement of changes in equity

The share capital consists of 25,868,568 shares with a nominal value of €0.02 each

(€)	N-1	+	-	N
Share capital	515,240	2,131	-	517,371
Premiums, reserves and differences	85,070,292	21,600	2,131	85,089,761
Retained earnings	-3,133,197	-2,695,005	-	-5,828,202
Result	-2,695,005	-3,891,655	-2,695,005	-3,891,655
Investment grants	852,976	-	64,139	788,837
Regulated provisions	-	-	-	-
TOTAL	80,610,306	-6,562,929	-2,628,735	76,676,112

On 9 December 2022, the Board of Directors noted a capital increase on 7 December 2022 resulting from the definitive vesting of the free share plan of 7 December 2021 for an amount of €2,130.88 by the issue of 106,544 new ordinary shares with a nominal value of €0.02 each. The capital increase brings the share capital to €517,371.36, divided into 25,868,568 shares.

On 27 September 2022, the Board of Directors decided to grant 20,000 BSA to the Chairman of AFYREN NEOXY. These BSA were subscribed by the beneficiary at a price of €1.08 per unit, i.e. the sum of €21,600.

Investment grants break down as follows:

(€)	31/12/2022	31/12/2021
Ademe 2016 grant	68,390	68,390
- Of which share transferred to profit or loss	*- 27,584*	*- 20,745*
BPI-CMI grant phase 2 (1)	573,000	573,000
- Of which share transferred to profit or loss	*- 231,110*	*- 173,810*
R&D Booster grant	€ 406,141	€ 406,141
Total	788,837	852,976

These grants will be reintegrated at the same rate as the depreciation of the related fixed assets.

2.2.2. Table of provisions

(€)	N-1	+	-	N
Regulated provisions	-	-	-	-

Provision for risks	13,900	-	-	13,900
Provisions for charges	7,615	184,715	-	192,330
Provisions for impairment	-	-	-	-
TOTAL	21,515	184,715	-	206,230

(€)	Breakdown of allocations		
	Operation	Financial	Exceptional
Charges for the year	184,715	-	-
Reversal for the year	-	-	-
TOTAL	184,715	-	-

2.2.3. Financial and other liabilities

(€)	Gross amount	Due within 1 year	More than 1 year and 5 years or more	Due in more than 5 years
Convertible bonds	3,900,723	3,900,723	-	-
Bank loans and borrowings	2,348,824	579,012	1,769,811	-
Other borrowings and other financial liabilities	2,368,482	876,070	1,432,412	60,000
Trade payables	384,572	384,572	-	-
Employee-related payables	467,192	467,192	-	-
Social security and other bodies	451,929	451,929	-	-
Corporate income tax	-	-	-	-
VAT	116,718	116,718	-	-
Guaranteed bonds	-	-	-	-
Income tax and other tax payables	30,025	30,025	-	-
Fixed asset liabilities and related accounts	-	-	-	-
Group and associates	-	-	-	-
Other liabilities	134,935	134,935	-	-
Deferred income	4,475,342	750,000	3,000,000	725,342
TOTAL	14,678,742	7,691,166	6,202,223	785,342

2.2.4. Accrued expenses

(€)	Amount
LEAVE TO BE PAID	
Provisioned leave	181,979
Provisions for social security contributions	119,789
ACCRUED INTEREST	
Borrowings and similar liabilities	243,523
OTHER EXPENSES	
Invoices to be received	268,906
Staff	285,213
Social security bodies	76,085
Other tax expenses	2,938
TOTAL	1,178,433

2.2.5. Deferred income

Deferred income consists of the deferral over 10 years, prorata temporis, of the advance payment of 10 years of fixed royalties (€7,500,000 excl. VAT) for the licence concession, amounting to €4,475,342.

3. Information on the income statement

3.1. Revenues

(€)	France	Export and community	Total
Sales of goods	-	-	-
Production sold: - Goods - Services	- 860,000	- -	- 860,000
Net revenues	860,000	-	860,000

3.2. Capitalised production

Capitalised production amounts to € 226,798 and consists of personnel costs related to the Booster R&D project over the financial year.

3.3. Research tax credit

The research tax credit item, i.e. €364,791, consists of the research tax credit (CIR) declared for 2022.

4. Other information

4.1. Provisions for retirement benefits and other post-employment liabilities

The company does not make provision for retirement benefits. The amount of the commitment is estimated in accordance with ANC Recommendation 2013-02, taking into account the changes made to this recommendation in 2021. These changes have no material impact on the amount of the commitment.

Pension liabilities	Provisioned	Not provisioned	Total
Retirement benefits	-	67,482	67,482

The main assumptions used are as follows:

- The discount rate used is: 3.80%
- The social security contribution rate used is: 42%
- The rate of salary change used is: 1.50%

4.2. Leasing commitments

None.

4.3. Off-balance sheet commitments

(€)	N	N-1
Pledges given	32,500	32,500
Guarantee received: National guarantee fund - Equity loan for the start-up of SMEs and VSEs.	111,880	171,880
Guarantee received: Auvergne PPA Fund	18,000	30,000
Guarantee received: AI/SI Intervention Guarantee Fund	500	2,500
Guarantee received: European Investment Fund	91,880	131,880
TOTAL	254,760	368,760

4.4Information on the workforce

	Salaried staff
Managers	25
Non-managers	7
Total	32

4.5 Information on warrants and free share grants

During the year ended 31 December 2022, the following grants were made:

- 17,500 2021 BSPCE in February 2022, 15,000 2021 BSPCE in March 2022 and 7,500 2021 BSPCE in July 2022 to the Chairman of the Board of Directors, an AFYREN employee and a director, respectively;
- 20,000 2022 BSA in September 2022 to the Chairman of AFYREN NEOXY;
- 257,620 free shares in March 2022 to each of the two executives. Vesting of the shares is spread in 4 tranches over a period of 3 years, subject to continued employment and, for the 4th tranche, market performance;
- 17,969 free shares in October and December 2022 to five company employees.

Category of security	Date created	Validity deadline	At the beginning of the financial year	Granted during the year	Cancelled or exercised during the financial year	At the end of the financial year	Exercise value (€)
BSPCE 2	03/06/2015	31/12/2025	182,000			182,000	0.40
BSPCE 3	29/12/2015	31/12/2025	257,000			257,000	0.63
BSPCE 4	14/06/2017	14/06/2022	87,500		-87,500	0	N/A
BSPCE 5	26/06/2019	10 years from date of grant[1]	590,000	40,000		630,000	2.06
BSA	15/05/2018	31/12/2023	50,000			50,000	1.40
2021 free share grants	11/06/2021	Minimum vesting period set at 1 year from the grant date[2]	106,544	533,209	-106,544	533,209	N/A
2022 free share grants	15/06/2022	1 year from date of grant[3]		20,000		20,000	7.19

[1] the BSPCE 5 were granted from 01/07/2019
[2] the 2021 free share grants were awarded from 07/12/2021
[2] the 2022 BSA were awarded from 27/09/2022

AFYREN

Registered office: 9-11 RUE GUTENBERG - 63000 CLERMONT-FERRAND
Société Anonyme **(limited company) with share capital of €517,371.36**

STATUTORY AUDITOR'S REPORT
ON THE ANNUAL FINANCIAL STATEMENTS
Financial year ended 31 December 2022

AFYREN

Head office : 9-11 RUE GUTENBERG - 63000 CLERMONT-FERRAND
Limited company with a share capital of 517 371,36 euros

STATUTORY AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS
For the year ended 31 December 2022

To the Afyren shareholders' meeting

Opinion

In compliance with the engagement entrusted to us by your annual general meeting, we have audited the accompanying financial statements of AFYREN for the year ended December, 31th 2022.
In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at 31 December 2022 and of the results of its operations for the year then ended in accordance with French accounting principles.

Basis for Opinion

Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.
Our responsibilities under those standards are further described in the Statutory Auditors' Responsibilities for the Audit of the Financial Statements section of our report.

Independence

We conducted our audit engagement in compliance with independence rules provided for by the French Commercial Code and by the French Code of ethics for statutory auditors, for the period from January 1, 2022 to the date of issue of our report.

Justification of Assessments

In accordance with the requirements of Articles L. 823-9 and R. 823-7 of the Commercial Code relating to the justification of our assessments, we inform you that the most important assessments we have made, in our professional judgment, have been on the appropriateness of the accounting principles applied on the reasonableness of the significant estimates used and on the presentation overall accounts.
These assessments were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon. We do not provide a separate opinion on specific items of the financial statements.

Specific verifications

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French law.

Information given in the management report of Board of Directors and in the other documents on the financial position and the annual accounts addressed to the shareholders.

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of Board of Directors and in other documents on the financial situation and the annual accounts addressed to the shareholders.
We certify the fairness and consistency with the financial statements of the information relating to the payment periods mentioned in Article D. 441-6 of the French Commercial Code.

Report on corporate governance

We attest to the existence, in the report on corporate governance of board of directors, of the information required by Article L. 225-37-4 of the French Commercial Code.
In accordance with the law, we have ensured that the various information relating to the identity of the holders of the capital or voting rights have been communicated to you in the management report.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and the fair presentation of the financial statements in accordance with French accounting principles as well as for the implementation of the internal control that management considers necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
In preparing the financial statements, management is responsible for assessing the Company's ability to continue its activities as a going concern, for disclosing in the financial statements (if applicable) the necessary information related to going concern, and for using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.
The financial statements were approved by the Board of Directors.

Statutory Auditors' Responsibilities for the Audit of the Financial Statements

Our role is to issue a report on the financial statements. Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As specified in the Article L.823-10-1 of the French Commercial Code, our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit. Furthermore, the statutory auditor:

- *Identifies and assesses the risks of material misstatement of the financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.*

- *Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.*

- *Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management as well as the related disclosures provided in the financial statements.*

- *Assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company' s ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.*

- *Evaluates the overall presentation of the financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.*

Lyon, March 21, 2023
The statutory auditor
RSM Rhône-Alpes

Statutory auditing firm, member of the regional institute of statutory auditors of Lyon

Gael DHALLUIN

Partner

7. APPENDIX 2 – AFYREN IFRS FINANCIAL STATEMENTS AND STATUTORY AUDITOR'S AUDIT REPORT

AFYREN

AFYREN

IFRS financial statements

INCOME STATEMENT

In €k	Notes	2022.12	2021.12
Revenues	6.2	3,456	3,036
Other income	6.3	460	410
Purchases and external expenses	6.4	-2,396	-1,565
Payroll costs	6.5	-6,104	-3,364
Depreciation of fixed assets and rights of use	9. & 10.	-629	-612
Other expenses	6.4	-158	-81
Current operating income		-5,371	-2,176
Non-current operating income		-	-
Operating income		-5,371	-2,176
Financial income	7.	179	3
Financial expenses	7.	-345	-405
Net financial income		-166	-403
Share in income of equity-accounted company (net of tax)	5.	-3,662	-1,029
Income before tax		-9,200	-3,608
Income tax	8.1	-	-0
Net income for the year		-9,200	-3,609
Earnings per share			
Basic earnings per share (in euros)	14.3	- 0.36	- 0.18
Diluted earnings per share (in euros)	14.3	- 0.36	- 0.18

STATEMENT OF COMPREHENSIVE INCOME

In €k	NOTES	2022.12	2021.12
Net income for the year		- 9,200	- 3,609
Other comprehensive income			
Revaluations of defined benefit liabilities (actuarial gains and losses)	6.5.3.	44	7
Related tax		- 11	- 2
Equity-accounted company - share of other comprehensive income (actuarial gains and losses, net of tax)			
Total items that will not be reclassified subsequently to profit or loss		33	6
Total items that will be reclassified subsequently to profit or loss		-	-
Other comprehensive income for the period, net of tax		33	6
Comprehensive income for the period		- 9,166	- 3,603

BALANCE SHEET

In €k	Note	2022.12	2021.12
Intangible assets	**9.1.**	**3,621**	**3,760**
Property, plant and equipment	**9.2.**	**358**	**139**
Rights of use	**10.**	**446**	**148**
Equity-accounted securities	**5.**	**16,513**	**20,171**
Non-current financial assets	**11.**	**62**	**28**
Non-current assets		20,998	24,246
Trade receivables	**12.**	**788**	**622**
Current financial assets	**12.**	**71**	**230**
Other current assets	**12.**	**630**	**923**
Cash and cash equivalents	**13.**	**62,333**	**67,128**
Current assets		63,822	68,903
Total assets		84,821	93,149

		2022.12	2021.12
Share capital	**14.**	**517**	**515**
Issue premiums	**14.**	**85,089**	**85,069**
Reserves	**14.**	**399**	**- 986**
Retained earnings	**14.**	**- 5,828**	**- 3,133**
Net income for the year	**14.**	**- 9,200**	**- 3,609**
Equity attributable to the owners of the Company		70,977	77,856
Non-current borrowings and financial liabilities	**16.**	**3,261**	**7,957**
Non-current lease liabilities	**16.**	**224**	**42**
Defined benefit liabilities	**6.5.3.**	**67**	**73**
Non-current provisions	**15.**	**14**	**14**
Non-current deferred income (customer contract liabilities)	**6.2.**	**1,321**	**2,640**
Non-current deferred income (grant)	**17.**	**997**	**990**
Non-current liabilities		5,885	11,717
Current borrowings and financial liabilities	**16.**	**4,867**	**847**
Current lease liabilities	**16.**	**187**	**103**
Trade payables	**17.**	**520**	**513**
Current deferred income (customer contract liabilities)	**6.2.**	**1,319**	**1,272**
Other current liabilities	**17.**	**1,066**	**841**
Current liabilities		7,958	3,576
Total liabilities		13,843	15,293
Total equity and liabilities		84,821	93,149

STATEMENT OF CHANGES IN EQUITY

In €k	Note	Attributable to owners of the Company							
		Share capital	Issue premiums	Equity component of convertible bonds	Treasury share reserve	Other reserves	Retained earnings	Profit (loss) for the year	Total shareholders' equity
Position as of December 31, 2020		350	23,609	227	-	- 339	- 2,141	- 2,133	19,573
									-
Net income for the year								- 3,609	- 3,609
Other comprehensive income for the year						6			6
Comprehensive income (loss) for the year		-	-	-	-	6	-	- 3,609	- 3,603
Appropriation of earnings from previous year						- 1,141	- 992	2,133	-
Capital increase	14.	166	61,460						61,625
Share-based payments settled in equity instruments	6.5.2.					329			329
Purchases/sales of treasury shares					- 70	2			- 68
Total transactions with the Company's owners		166	61,460	-	- 70	- 810	- 992	2,133	61,887
									-
Position as of December 31, 2021		515	85,069	227	- 70	- 1,143	- 3,133	- 3,609	77,856
									-
Net income for the year								- 9,200	- 9,200
Other comprehensive income for the year						33			33
Comprehensive income (loss) for the year		-	-	-		33	-	- 9,200	- 9,167
Appropriation of earnings from previous year						- 914	- 2,695	3,609	-
Capital increase	14.	2	19						22
Share-based payments settled in equity instruments	6.5.2.					2,412			2,412
Purchases/sales of treasury shares					- 103	- 56			- 159
Other items						11			11
Total transactions with the Company's owners		2	19	-	- 103	1,454	- 2,695	3,609	2,285
									-
Position as of 31 December 2022		517	85,089	227	- 173	346	- 5,828	- 9,200	70,977

CASH FLOW STATEMENT

In €k	Note	2022.12	2021.12
Net income for the year		- 9,200	- 3,609
Adjustments for:			
- Depreciation of fixed assets and rights of use	9.2 & 10	629	612
- Net financial income	7.	166	403
Share in income of equity-accounted company (net of tax)	5.	3,662	1,029
- Cost of share-based payments	6.5.2.	2,412	329
- Income tax	8.1	-	0
- Gains or losses on disposals of fixed assets		-	- 87
- Other items		7	-
Total elimination of expenses and income with no impact on cash		6,877	2,286
Total cash flow		- 2,323	- 1,322
Changes in:			
- Trade receivables	12.	- 167	- 314
- Customer contract liabilities	6.2	- 1,272	- 1,227
- Trade payables	17.	- 126	365
- Provisions and employee benefits	6.5.3	38	30
- Other current receivables/payables	12. & 17.	554	- 248
Total changes		- 973	- 1,393
Cash flows from operating activities		- 3,296	- 2,715
Taxes paid	8.1	-	-
Net cash from operating activities		- 3,296	- 2,715
Acquisition of property, plant and equipment and intangible assets, excluding development costs	9.	- 286	- 185
Proceeds from the disposal of property, plant and equipment and intangible assets	9.	65	128
Capitalised development expenses	9.	- 245	- 160
Investment grants (incl. CIR offsetting capitalised expenses)	17.	7	79
Increase in non-current financial assets	11.	- 34	-
Decrease in non-current financial assets	11.	-	-
Increase in current financial assets (liquidity contract)		- 47	- 300
Interest received	7.	179	3
Net cash used in investing activities		- 362	- 436
Capital increase	14.1.	-	61,625
Proceeds from the convertible bond issue	16.	-	- 0
Proceeds from new borrowings and financial liabilities	16.	127	200
Repayment of borrowings and financial liabilities	16.	- 779	- 528
Payment of lease liabilities	16.2.	- 142	- 118
Interest paid on borrowings and financial liabilities	16.	- 162	- 227
Interest paid on bonds	16.2.	- 178	- 178
Interest paid on lease liabilities	16.	- 4	-5
Net cash used in financing activities		- 1,138	60,770
Net change in cash and cash equivalents		- 4,796	57,619
Cash and cash equivalents at 1 January		67,128	9,508
Effect of exchange rate changes on cash held			
Cash and cash equivalents at 31 December		62,333	67,128

1. Description of the Company and the business

Afyren S.A.S. ("the Company" or "Afyren") is a French company with its registered office in Clermont-Ferrand (63100).

Founded in 2012, AFYREN is a sustainable chemical ("greentech") company offering innovative solutions to replace petroleum-based ingredients with products derived from natural microorganisms, in a zero industrial waste circular economy approach.

The solutions offered by AFYREN make it possible to produce a family of seven fully biobased organic acids and a natural fertiliser from non-food biomass.

Based on renewable raw materials such as the by-products of the sugar production process (in particular molasses and beetroot pulp), which do not compete with human food chains, AFYREN's technological platform - AFYNERIE® - makes it possible to produce 100% biobased organic acids on an industrial scale and at a competitive cost, offering the same chemical properties as those produced from oil, but with a carbon footprint divided by 5.

On 1 October 2021, AFYREN successfully completed its IPO on the unregulated Euronext Growth market in Paris, in order to accelerate its development, particularly internationally.

In 2022, AFYREN inaugurated its first plant: AFYREN NEOXY with a capacity of 16,000 tonnes of organic acids and 28,000 tonnes of fertilisers.

These IFRS financial statements include the financial statements of Afyren as well as the equity-accounted securities of Afyren Neoxy, which was 50.62%-owned as of 31 December 2022 and was jointly controlled by Afyren and Bpifrance.

Afyren's IFRS financial statements for the financial year ended 31 December 2022 were approved by the Board of Directors on 21/03/2023.

2. Basis of preparation

2.2. Statement of compliance

The Company's financial statements as of 31 December 2022 are presented in accordance with IFRS as issued by the International Accounting Standards Board (IASB) and adopted by the European Union.

All texts adopted by the European Union can be consulted on the European Commission's website at the following address: https://eur-lex.europa.eu/eli/reg/2008/1126/2016-01-01.

2.3. Changes in the accounting framework

The following main new standards, amendments to standards and interpretations have been published and are mandatory as of 31 December 2022.

- Amendments to IAS 37 - Onerous contracts: costs of fulfilling a contract (applicable to annual periods beginning on or after 1 January 2022)
- Amendments to IAS 16 - Property, plant and equipment: income prior to intended use (applicable to annual periods beginning on or after 1 January 2022)
- Amendments to IFRS 3 - Updated references to the conceptual framework (applicable to annual periods beginning on or after 1 January 2022)
- Annual Improvements to IFRS- 2018-2020 cycle (applicable to annual periods beginning on or after 1 January 2022).

The following main new standards, amendments to standards and interpretations have been published and are not mandatory as of 31 December 2022. The company does not apply them in advance:

- Amendments to IAS 12 - Income taxes: Deferred taxes relating to assets and liabilities arising from the same transaction (applicable to financial years beginning on or after 1 January 2023)
- Amendments to IAS 1 - Presentation of financial statements: classification of liabilities as current/non-current (applicable to annual periods beginning on or after 1 January 2023 subject to EU approval)
- Amendments to IFRS 16 - Lease liability in a sale and leaseback (applicable to annual periods beginning on or after 1 January 2022 subject to EU approval)
- Amendments to IAS 1 and Practice Statement 2 - Disclosure of accounting policies (effective for annual periods beginning on or after 1 January 2023)
- Amendments to IAS 8 - Definition of accounting estimates (effective for annual periods beginning on or after 1 January 2023)

The expected impacts of these amendments are not considered significant.

2.4. Use of estimates and judgements

In preparing these financial statements, management has made judgements and accounting estimates that may affect the application of the Company's accounting policies and the reported amounts of certain assets and liabilities and income and expenses during the year.

Estimates and underlying assumptions are reviewed on an ongoing basis to ensure they are reasonable in light of the Company's history. Estimates may be revised if the circumstances on which they were based change or as a result of new information. Actual values may differ from estimated values based on different assumptions or conditions. The impact of changes in estimates is recognised prospectively. As a result, changes in these conditions could result in different actual values in the Company's future financial statements.

Judgments

Information about the judgments made in applying accounting policies that have the most significant impact on the amounts recognised in the financial statements is included in the following notes:

- Note 5 - Equity-accounted investments: determination of the level of control of Afyren Neoxy and determination of the classification of ABSAs as equity instruments
- Note 6.2 - Revenue recognition: determination of performance obligations and the timing of revenue recognition under the licence agreement granted to Afyren Neoxy.
- Note 10 - Lease term: determining whether the Company is reasonably certain to exercise its extension/termination options
- Note 14 - Classification of attached PSs and BSAs as equity instruments
- Note 16 - Classification of convertible bonds as a compound instrument.

Assumptions and uncertainties related to estimates

Information about assumptions and uncertainties related to estimates that involve a significant risk of material adjustment to the carrying amount of assets and liabilities for the year ended 31 December 2022 is provided in the following notes:

- Note 6.5.3. - Obligations related to defined benefit plans (retirement benefits): determination of the main actuarial assumptions
- Note 6.5.4. - Share-based remuneration: determination of the fair value of the BSPCE and the BSAs
- Note 10. - Lease: determination of the main assumptions, mainly lease term and discount rate
- Note 16 - Convertible bonds: determination of assumptions for measuring the debt and equity components.

2.5. Basis of assessment

The financial statements are prepared on the historical cost basis.

Afyren's financial statements as of 31 December 2022 have been approved on a going concern basis for a period of at least 12 months from the date of approval of the financial statements, and the growth prospects reflected in the business plan produced.

2.6. Functional and presentation currency

The financial statements are presented in euros, which is the Company's functional currency. Amounts are rounded to the nearest million euros unless otherwise stated.

Foreign currency transactions are translated into euros using the exchange rate prevailing on the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated into euros using the exchange rate on the balance sheet date. No exchange differences have been recorded to date in the financial statements for the years ended 31 December 2022 and 2021.

3. Significant events during the period

Afyren:

In 2022

Financial year 2022 was rich in developments for AFYREN, including the inauguration of the first AFYREN NEOXY plant, commercial successes with the pre-sale of more than 75% of its production and significant progress on the Group's ESG roadmap. 2022 was also an important year for the structuring of the Group, with the recruitment of more than 60 employees, all types of work contracts combined, including more than 27 permanent jobs created at the AFYREN NEOXY site, and 11 permanent jobs created at the Lyon and Clermont-Ferrand sites, with the Group crossing the symbolic threshold of 110 employees at the end of December 2022.

- *Financing:*

Afyren made an initial principal repayment of €0.3 million on State guaranteed loans taken out in May 2020 for a total amount of €2.6 million with Banque Populaire, BNP, Crédit Agricole and BPI.

- *Financial instruments:*

As part of its strategy of attracting and retaining the company's executives and employees, the Board of Directors has implemented the delegation of authority granted by the combined general meeting of 11 June 2021 to issue financial instruments:

- 17,500 2021 BSPCE in February 2022, 15,000 2021 BSPCE in March 2022 and 7,500 2021 BSPCE in July 2022 to the Chairman of the Board of Directors, an AFYREN employee and a director, respectively;
- 20,000 2022 BSA in September 2022 to the Chairman of AFYREN NEOXY ;
- 257,620 free shares in March 2022 to each of the two executives. Vesting of the shares is spread in 4 tranches over a period of 3 years, subject to continued employment and, for the 4th tranche, market performance;
- 17,969 free shares in October and December 2022 to five company employees.

- *Significant progress on ESG:*

Underpinned by ambitious governance, with a Corporate Social Responsibility director on AFYREN's executive committee since 2021 and a CSR committee chaired by director - Caroline Lebel - appointed at the combined general meeting in June 2022, ESG has made significant progress in 2022.

In the first quarter, following a consultation with its internal and external stakeholders, AFYREN formulated its Purpose Statement: "*We enable low-carbon, circular industry by providing biobased solutions built with our partners to benefit the environment*". The Company's ESG roadmap is therefore naturally structured around these three pillars.

In June 2022, the combined general meeting also approved the appointment of a new independent director, Patrizia Marraghini, who heads AFYREN's Audit Committee. Patrizia brings many years of experience in legal, financial, commercial and contractual matters in large international listed companies.

As of the date of this document, the Board therefore has two independent directors, including the Chairman, and has a 29% gender balance.

AFYREN's constant efforts to document and improve its processes in relation to the company's sustainable development have led to a significant improvement in its ESG rating. At the beginning of 2022, AFYREN obtained an Ethifinance rating of 66/100, up 11 points from the previous year, which allows it to expect the "Advanced +" level, which highlights a significantly higher level of ESG maturity (+33 pts) than that observed for comparable companies (in terms of workforce and business sector).

In 2021:

- *Reduction in the nominal value of the share:*

The combined general meeting of 11 June 2021 decided to divide the nominal value of the Company's shares by five, reducing it from €0.10 to €0.02. The number of shares thus increased from 3,495,133 to 17,475,665.

- *Afyren's IPO on Euronext Growth market:*

On 1 October 2021, Afyren successfully completed its IPO on the unregulated Euronext Growth market in Paris.

The offer price was set at €8.02 per share, valuing the Company at nearly €206.6 million. In particular, this operation enabled it to raise €66.5 million through the issue of new ordinary shares (out of a total of 72.8 million euros, including the over-allotment option), an amount that will be allocated to the Company's growth through the financing of two industrial projects as well as the financing of research and development work.

- *Liquidity agreement*

On 1 November 2021, AFYREN appointed NATIXIS and ODDO BHF SCA to implement a liquidity contract. This contract was drawn up in accordance with the regulations in force, and in particular AMF Decision no. 2021-01 of 22 June 2021 and complies with the code of ethics of the French Financial Markets Association (AMAFI). The Company paid €300k when the liquidity account was opened. The volume of treasury shares purchased during the year was €0.07 million.

- *Change in governance:*

Following its IPO, Afyren became a société anonyme à conseil d'administration (public limited company with a board of directors), while it was previously a société par actions simplifiée (simplified joint stock company - SAS).

This change of corporate form also changed the status of Nicolas Sordet, formerly Chairman of the SAS and appointed Chief Executive Officer, as well as that of Jérémy Pessiot, now Chief Operating Officer.

- *Issue of free shares:*

In accordance with the terms of the combined general meeting of 11 June 2021, the Board of Directors decided on 7 December 2021 to grant 106,544 free shares (hereinafter the "2021 free share grants") to employees and corporate officers of Afyren and Afyren Neoxy. See Note 6.5 for more details.

- *Research and development activities:*

Following the finalisation of the research and development (R&D) phase leading to the granting of a license at the end of 2018 (based on a development up to the pre-industrial stage of the AFYREN technology enabling the production of organic acids from plant by-products), the Company's R&D work has since focused on three main areas:

- development work to continue improving the process and its performance (optimisation of fermentation, etc.), on the production of organic acids;
- new development work on new molecules that the Company could produce. This involves development work enabling the production of derivatives (products from organic acids), such as esters (mainly the "R&D booster" project). It also concerns work to develop new ways of recycling biomass for the production of biobased compounds or solutions, based on the company's know-how in fermentation and bioprocesses;
- work to support the identification and definition of new plants. This mainly concerns the qualification of new raw materials that would be used by these future plants, as well as the adjustment of the process related to these raw materials.

Afyren Neoxy, accounted for by the equity method:

In 2022:

- *Commissioning of Afyren Neoxy and ensuring reliability for production start-up*

A world first, the Afyren Neoxy plant is the only industrial-scale plant to produce biobased carboxylic acids from sugar beet by-products. It is located in Carling-Saint Avold, in the Grand Est region (France).

Launched in the second half of 2020 and despite the health crisis, the construction project ran smoothly and on time for delivery of the plant in the first half of 2022.

This project represented more than 200,000 hours of work, with strong mobilisation of employees and partners, bringing the number of people present simultaneously on the site to more than 150 at the peak of the project.

Construction was completed within budget, including provisions for possible adjustments to be made during the start-up phase. The operational team of about 60 people has been recruited and trained.

At the beginning of 2023, the teams are fully mobilised to ensure the reliability of certain production stages before launching industrial production and invoicing the customer. Initially scheduled for the end of 2022, the delivery of the first batches has been postponed by a few months in order to stabilise operations, without any impact on contractual commitments.

Once industrial production begins, AFYREN plans to gradually ramp up volumes to produce 16,000 tonnes of carboxylic acids per year at full capacity.

- *Commercial successes: 75% of the target production volume of AFYREN NEOXY organic acids already sold*

Biobased carboxylic acids (C2-C6) are needed in a wide variety of industries for their antibacterial, olfactory or preservative properties. AFYREN’s six priority markets are human food and animal feed, flavours and fragrances, lubricants, life sciences and materials sciences. While global production of biobased products is limited, AFYREN's offer allows its customers to access these acids locally in Europe, with a significantly reduced environmental footprint compared to the petroleum-based alternative.

In 2021, sales contracts were signed that secured more than 60% of the target volume of acids from the AFYREN NEOXY plant at full capacity, as well as 100% of the fertilisers.

New multi-year contracts were signed in 2022, covering animal nutrition (May 2022), cosmetics and nutraceutics (August 2022), flavours and fragrances with the North American distributor Excellentia (November 2022), and industrial lubricants (November 2022).

These bring the share of volumes secured by contracts to over 75%. For the remaining capacity, AFYREN will be able to focus on shorter-term contracts to facilitate commercial discussions, particularly around the production of future plants, and/or to benefit from a dynamic price environment.

Since the beginning of 2023, all strategic confirmed have confirmed their confidence in the AFYREN project, confirming commercial commitments for cumulative contractual revenues of around €150 million.

- *Financing:*

The main movements recorded in 2022 for Afyren Neoxy are:

- The signing and payment of several leases for a total amount of €10.8 million;
- A €2.5 million cash inflow during the first half of the year related to a €5 million loan taken out with Banque Populaire in 2021. In 2021, AFYREN NEOXY received an initial payment of the same amount;
- The signing of a sale-leaseback operation with a subsidiary of the semi-public company SEBL, leading to the purchase of the buildings, in particular administrative buildings, for the purpose of leasing them to AFYREN NEOXY for an amount of €3.3 million excluding VAT;
- The disbursement of several grants and financial support for a total amount of €4.4 million.

In 2021:

- *Construction and preparation of the start-up of the Afyren Neoxy plant:*

Construction of the plant continued throughout 2021, with a target production start-up in May 2022, and in line with the total start-up cost. Despite the constraints related to Covid, Afyren Neoxy was able to execute the construction of this plant in accordance with the budget and the target schedule.

In parallel with construction, Afyren Neoxy is also preparing for its start-up, with the implementation of the tools and processes required for its proper functioning, as well as the continued recruitment of all staff. Thus, by the end of 2021, almost the entire workforce was recruited or identified.

- *Securing raw material sourcing for the Afyren Neoxy plant:*

In March 2020, Afyren Neoxy entered into a long-term agreement with Südzucker to supply raw materials for its plant, securing its supply of sugar beet by-products, key ingredients for the industrial production of its biobased organic acids.

- *Signing of commercial contracts for the sale of Afyren Neoxy's production:*

In addition to the natural acids sales contract signed in 2018, Afyren Neoxy entered into several production sales contracts in 2021:

- A contract for the sale of the entire fertiliser production of Afyren Neoxy was entered into in February 2021.
- A contract for the sale of valeric acid was entered into in June 2021.
- A distribution agreement for Afyren Neoxy's natural acids in the strategic Flavours and Fragrances market, signed in November 2021, with effect from 2022;
- Two additional contracts for the nutrition and health markets, signed in December 2021, with effect from 2022.

Thanks to the signing of these different contracts, more than 60% of the target acid volume of the Afyren Neoxy plant, at full capacity, is secured, together with 100% of the fertilisers, allowing Afyren Neoxy to serenely start its production ramp-up, which is scheduled to last two years.

- *Bank financing:*

On 30 June 2021, Afyren Neoxy received the first €2.5 million tranche of the loan taken out with the Banque Populaire (for a total of €5 million).

- *Grants and other financial support:*

In 2019, Afyren Neoxy signed a financing agreement with the Grand Est Region to finance the installation of the production unit for a total amount of €1 million. As of 31 December 2021, this grant was recorded as a liability for the same amount since it now meets all the conditions relating to its payment.

Finally, as part of the agreement to support Afyren Neoxy in its project to set up a plant at the Carling Saint-Avold platform, TotalEnergies provided Afyren Neoxy with financial support in the form of a grant and a loan for €3.4 million and €3 million, respectively, on 31 December 2021.

4. Subsequent events

In January 2023, AFYREN announced that it had entered into a partnership project[49] with Mitr Phol, a world leader in the sugar industry, to set up a biorefinery in Thailand. This project, carried out by a joint venture owned by AFYREN (70%) and Mitr Phol (30%), targets the Asian market, which accounts for 25% of the global carboxylic acid market. This second plant aims to have a production capacity of approximately 28,000 tonnes per year, representing revenues of approximately €60 million at full capacity. The construction and production start-up schedule is to be set after engineering studies planned for the second half of 2023.

5. Equity-accounted investment in Afyren Neoxy

[49] This agreement is expected to be finalised in mid-2023, subject to the parties' agreement on the final terms of the partnership.

Under IFRS 11, a joint venture is a partnership that gives the Company joint control, whereby it has rights to the net assets of the partnership, and not rights to its assets and obligations for its liabilities.

Under IAS 28, the Company's interests in a joint venture are accounted for using the equity method. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the Company's financial statements include the Company's share of profit or loss and other comprehensive income of the equity-accounted company until the date on which joint control ceases.

Gains arising from transactions with the equity-accounted company are eliminated by the counterparty of equity-accounted securities in the amount of the Company's interest in the company. Losses are eliminated in the same way as gains, but only to the extent that they do not represent an impairment loss.

In December 2018, a partnership with Bpifrance was set up via the Afyren Neoxy joint venture under the joint control of both partners. The partnership provides that a number of decisions relating to activities with a potentially significant impact on returns, i.e. constituting substantive rights within the meaning of the standard, must be taken unanimously by the partners.

The following table summarises the financial information of Afyren Neoxy as prepared in its IFRS financial statements using the same accounting methods as Afyren. It also reconciles the summary financial information of the carrying amount of Afyren's holding in Afyren Neoxy:

In €k	2022.12	2021.12
Percentage of shares held	51%	51%
Non-current assets	69,847	57,442
Current assets excluding cash and cash equivalents	10,508	14,627
Cash and cash equivalents	8,440	15,301
Non-current liabilities	28,272	15,709
Current liabilities	27,903	31,812
Net assets (100%)	32,620	39,849
Net assets attributable to Afyren	16,513	20,171
Carrying value of interests in the Neoxy joint venture	16,513	20,171
Operating income	- 6,628	- 2,088
Net financial income (expense)	- 601	70
Income tax	-	- 15
Net income	- 7,235	- 2,034
Other comprehensive income		
Comprehensive income (100%)	- 7,235	- 2,034
Afyren's share of Neoxy's comprehensive income	- 3,662	- 1,030
Dividends received by Afyren	-	-

- *Recognition of know-how licence*

Afyren grants Afyren Neoxy a license to the technology consisting of patent rights and know-how to enable it to manufacture and market products. The rights of use start from the plant's industrialisation phase, which includes a design phase (carrying out studies and adapting the technology to the industrial level), a construction phase and then a start-up phase until the end of a ramp-up phase and the following twelve months. Afyren staff are made available to Afyren Neoxy during these phases and re-invoiced without any margin.

The plant design and construction phase runs from 2019 to 2021, i.e. a duration of three years, and Afyren Neoxy plans to use this licence as soon as it is granted and during the start-up of production at its plant, which is expected to last 20 years.

The exclusivity of the licence agreement is granted until Afyren Neoxy reaches a production capacity of 50,000 tonnes. This license will have an initial duration of 10 years and will continue as long as Afyren Neoxy continues its production.

On the basis of these elements, Afyren Neoxy recorded an intangible asset with a present value of €10.6 million corresponding to 23 years of licence fees (3 years since its granting + 20 years of production), of which €7.5 million was paid in advance for the first 10 years. The outstanding balance is recorded as fixed asset liabilities for €4.2 million as of 31 December 2022 (compared with €3.8 million as of 31 December 2021).

The license is amortised over a period of 23 years, i.e. an annual expense of €0.5 million. In addition, an interest expense related to the accretion of this debt is recorded in financial expenses, i.e. €6.7 million over 23 years with insignificant annual amounts in 2022 and 2021.

- *Bio Based Industries (BBI) grant:*

Since May 2020, Afyren Neoxy has led a consortium of several companies in an innovative industrial project that will last for four years with an estimated overall cost of €33m. The overall grant paid by the European Commission will amount to €20 million, of which €16 million will be allocated to Afyren Neoxy relating to a spending commitment of €27.6 million.

If the level of spending is not reached, the Company will not be entitled to the planned level of grant, i.e. €16 million.

The total amount of this €16 million grant is divided into an operating grant of €13.5 million recognised at the rate of progress of expenditure and an investment grant of €2.4 million which will be recognised at the rate of depreciation of the asset once it is commissioned.

A first disbursement of €9.6m (i.e. 60%) was obtained in May 2020. On this first disbursement, a guarantee withholding of €0.8 million (i.e. 5% of the total amount to be paid) was taken by the financier and recorded as a non-current financial asset at fair value on the initial recognition date and then at amortised cost. The company did not receive any payments in 2021.

A second payment of €1.7 million was made in the first half of 2022.

- *ERDF grant:*

Afyren Neoxy signed an agreement awarding European aid in 2019 under the European Regional Development Fund (ERDF) for €2 million. A payment of €1.6 million was made in the first half of 2022.

- *Regional grant:*

In 2019, Afyren Neoxy signed a financing agreement with the Grand Est Region to finance the installation of the production unit for a total amount of €1 million. A payment of €0.5 million was made in the first half of 2022. A payment of €0.5 million was then made in the second half of 2022.

- *Banque Populaire loan:*

In 2021, Afyren Neoxy received the first €2.5 million tranche of the loan taken out with the Banque Populaire (for a total of €5 million). In the first half of 2022, it received the first €2.5 million tranche of this financing .

6. Operational data

6.2. Segment reporting

Under IFRS 8, an operating segment is a component of an entity:

- That engages in business activities from which it may earn revenues and incur expenses;
- whose operating results are reviewed regularly by the entity's chief operating decision maker;
- For which discrete financial information is available.

Afyren's activity is to carry out research and development, as well as industrialisation and marketing in order to develop processes for the production of molecules, extraction of molecules and metabolites, all from fermentable biomass. It has so far granted only one licence, to Afyren Neoxy. The Company therefore has only one operating segment. In addition, all of its activities and assets are located in France.

6.3. Revenues

In accordance with IFRS 15 "Revenue from contracts with customers", revenue is recognised when each performance obligation is satisfied, i.e. when control of the good or service is transferred to the customer for the amount expected to be received.

Revenues are mainly made up of income from the various agreements entered into with Afyren Neoxy:

- Patent and know-how license ("the Technology") made available to Afyren Neoxy. The licence is accompanied by services related to the development of industrial know-how, including the provision of project team staff
- Services related to obtaining the BBI grant by Afyren Neoxy
- Sales and administrative support services.

Licence and industrial know-how development agreement

It was determined that the licence for the Technology and the development of industrial know-how constitute a single performance obligation insofar as, since it is a new innovative Technology that has never been industrialised, the license and the industrial know-how development service can only be used jointly to enable Afyren Neoxy to benefit from the licence. Accordingly, it can be considered that these are two "inputs", intrinsically linked, constituting a single promise to the customer Afyren Neoxy.

Revenues from this performance obligation must be recognised on an ongoing basis ("over time") until the end of the industrialisation phase in accordance with IFRS 15.35 a), as the resulting industrial know-how is made available to the customer as it is created and identified. In other words, the customer simultaneously receives and consumes the benefits provided by the service as it is provided. Lastly, even if the licence is granted for the entire lifetime of Afyren Neoxy, the deferral of income stops at the end of the industrialisation phase (engineering, plant construction and ramp-up phase overall) insofar as the licence is no longer intended to evolve after industrialisation.

The consideration to be received, namely a fixed annual royalty over the lifetime of Afyren Neoxy, is subject to variability in the event of termination of the agreement, cessation of production and/or of the company. At this stage, the Company believes that the amount of consideration to be taken into account which, in a highly probable manner, would not result in a significant fall in revenues, corresponds to the amount paid in advance for the first ten years, i.e. €7.5 million. Although some of this amount may have to be repaid if the agreement is terminated before 10 years, the Company believes that the conditions for termination, which are limited, are highly unlikely. As for the fixed royalties to be paid again from the eleventh year onwards, even though Afyren Neoxy plans to operate the plant over 20 years, the time horizon is too long at this stage to be considered highly likely, especially as production has not yet started.

The most relevant measure for determining the percentage of completion is considered to be the passage of time, involving a straight-line basis. Thus, during the industrialisation phase estimated at 6 years, the fixed remuneration of €7.5 million provided for in the agreement (corresponding to 10 years of royalties) as well as the personnel costs reinvoiced as part of the contract for the provision of project team staff are recognised on a straight-line basis.

Insofar as the 10-year Technology royalties were paid in advance at the date of signing of the agreement, the amount not yet recognised as revenues is recognised as a contract liability in the balance sheet (deferred income). In addition, this generates a financing component leading to the recognition of interest expenses separately from revenues.

The agreement also provides for the payment of royalties based on the EBITDA received by Afyren post-industrialisation, which will be recognised as revenues as they are incurred, in accordance with the exemption provided for in IFRS 15 for royalties.

Other service agreements

These administrative and sales assistance contracts meet the criteria for revenue recognition on an ongoing basis under IFRS 15.35 a). The fixed amounts provided for each year are spread on a straight-line basis insofar as the costs incurred by Afyren are relatively straight-line.

Revenues break down as follows:

In €k	2022.12	2021.12
Licence and development of industrial know-how	1,417	1,417

- Other services	2,039	1,619
Total revenues	3,456	3,036

The €420k increase in other services is explained by an increase in technical services to AFYREN NEOXY.

Changes in contract liabilities (deferred income) are explained as follows:

In €k	2022.12	2021.12
Contract liabilities as of 1 January	3,912	5,139
Increase in financial expenses for the year on the licence agreement	145	190
Revenues recognised during the period included in the opening	- 1,417	- 1,417
Contract liabilities as of 31 December	2,640	3,912
Of which current liabilities	1,319	1,272
Of which non-current liabilities	1,321	2,640

As of 31 December 2022, the remaining duration of the industrialisation phase was two years. Accordingly, the sum of the non-discounted services still to be performed at the balance sheet date under the license and industrialisation service agreement amounts to €2.6 million (vs. €3.9 million as of 31 December 2021), representing an income of approximately €1.3 million per year.

6.4. Other income

Government operating grants that offset expenses incurred by the Company are systematically recognised in profit or loss under "Other income" in the period in which the expenses are recognised.

Government investment grants are recognised initially at fair value as deferred income if there is reasonable assurance that they will be received and that the Company will comply with the conditions attached to them. They are then systematically recognised in profit or loss under other income over the useful life of the related asset.

The research tax credit is treated as a government grant by analogy. It is thus recognised as:

- an investment grant for the portion that offsets expenses capitalised as development costs,
- an operating grant for the portion of research expenses that are not capitalised.

Other income breaks down as follows:

In €k	2022.12	2021.12
Operating grant	331	203
Investment grant recognised under profit or loss	64	64
Proceeds from the disposal of fixed assets	65	128
Other	0	15

Total other income	460	410

6.5. Operating expenses

Operating expenses break down as follows:

In €k	Note	2022.12	2021.12
Total employee benefits	6.5	- 6,104	- 3,364
Purchases of consumables and equipment		- 196	- 143
Rental expenses	10.	- 91	- 87
Maintenance and repairs		- 24	- 24
Remuneration of intermediaries and fees		- 1,329	- 862
Travel and assignment expenses		- 431	- 164
Advertising and communication		- 119	- 79
Other external expenses		- 206	- 205
Total purchases and external expenses		- 2,396	- 1,565
Total depreciation of fixed assets and rights of use	9.	- 629	- 612
Taxes		- 46	- 33
Other expenses		- 112	- 48
Total other expenses		- 158	- 81

6.6. Staff and personnel

6.6.1. Workforce

The workforce corresponds to the average workforce for the period comprising fixed-term and permanent contracts as full-time equivalents of the Company.

	2022.12	2021.12
Managers	25	20
Non-managers	7	6
Average workforce for the year ended 31 December	32	26

6.6.2. Personnel costs

Personnel costs are recognised as services are rendered.

Personnel costs break down as follows:

In €k	2022.12	2021.12
Wages and salaries	- 2,586	- 2,161
Social security contributions	- 840	- 663
Expenses related to defined contribution post-employment plans	- 228	- 181
Expenses related to defined benefit post-employment benefit plans	- 38	- 30
Share-based payments settled in equity instruments	- 2,412	- 329
Total	- 6,104	- 3,364

The increase in personnel costs is linked to the increase in the number of employees and to the share-based compensation plans introduced in 2021 and 2022.

6.6.3. Employee benefits

Short-term employee benefits

Short-term employee benefits are recognised as an expense when the corresponding service is rendered. A liability is recognised for the amount the Company expects to pay if it has a present legal or constructive obligation to make such payments in return for past service by the employee and the obligation can be reliably estimated.

Defined benefit plans

The Company's defined benefit plans correspond to retirement benefits paid to employees in France.

The Company's obligation under this plan is recognised as a liability and measured using an actuarial method that takes into account the employee turnover rate, life expectancy, salary increase rate and a discount rate. The calculation is made using the projected unit credit method with end-of-career salary.

The cost of the services is recorded under personnel expenses. It includes current service cost, past service cost resulting from the amendment or curtailment of a plan, which is fully recognised in profit or loss in the period in which it occurs, and gains and losses on settlements.

The interest expense, corresponding to the accretion effect of the commitments, is recognised in financial expenses.

Liability remeasurements (actuarial gains and losses) are recognised in other non-recyclable comprehensive income.

IFRS IC final agenda decision of 24 May 2021

The final IFRS IC agenda decision of 24 May 2021 regarding attributing benefit to periods of service does not have a material impact on the Company.

Defined contribution plans

Contributions payable to a defined contribution plan are recognised as an expense when the related service is rendered. Prepaid contributions are recognised as an asset to the extent that a cash refund or reduction in future payments is possible. These are the general social security pension scheme and supplementary schemes.

Retirement allowance (IDR)

The main actuarial assumptions used at the balance sheet date are as follows:

	2022.12	2021.12
Discount rate	3.80%	0.96%
Salary increase rate	1.50%	1.50%
Turnover	Dares R&D table	Dares R&D table
Retirement age	65	65
Mortality table	INSEE 2016-2018	INSEE 2016-2018

The change in the present value of the retirement benefit obligation is as follows:

In €k	2022.12	2021.12
Balance as of 1 January	73	50
Recognised in profit or loss		
Cost of services for the year	35	29
Financial cost	3	0
Included in other comprehensive income		
Loss (gain) on revaluation of liabilities (actuarial gain and loss)	- 43	- 7
Total	- 6	23
Other		
Benefits paid	-	-
Total	-	-
Balance as of 31 December	67	73

6.6.4. Share-based payments

Grants of founder share warrants (BSPCE) and free share grants to Afyren employees are equity-settled share-based plans.

The fair value determined on the grant date of these plans is recognised as an expense, with a corresponding increase in equity, over the vesting period, using the gradual vesting method for BSPCE as they are vested in tranches, and on a straight-line basis for free share grants. The amount expensed is adjusted to reflect the number of rights for which it is estimated that the service conditions will be met, such that the amount ultimately recognised is based on the actual number of rights that meet the service conditions at the vesting date.

The fair value of the BSPCE is determined on the basis of the Black-Scholes valuation model.

The fair value of the free share grants corresponds to the fair value of the shares on the grant date (i.e. the share price) less the present value of any estimated future dividends over the vesting period.

In accordance with the IFRS 1 exemption relating to share-based compensation plans, the Company has not restated BSPCE plans that were vested at the transition date of 1 January 2019. Accordingly, only the BSPCE 5 have been restated at this date.

On 26 June 2019, the general meeting of Afyren authorised the Chairman to implement a plan to award BSPCE 5 to Afyren employees. The exercise of the warrants is subject to a condition of presence. The vesting period is three years (divided into three annual tranches of 1/3) from the grant date. The warrants expire after 10 years from their granting decided by the Chairman. Under this plan, the Company made several grants between 2019 and 2021.

In accordance with the terms of the combined general meeting of 11 June 2021, the following delegations of authority have been implemented:

- The Board of Directors decided on 7 December 2021 to grant 106,544 free shares to employees and corporate officers of Afyren and Afyren Neoxy. Vesting of the shares is subject to continued employment for a period of one year.
- At its meeting of 4 February 2022, the Board of Directors decided to issue founder share warrants (the “2021 BSPCE”). This grant covers 17,500 2021 BSPCE to the Chairman of the Board of Directors.
- At its meeting of 24 March 2022, the Board of Directors decided to issue founder share warrants (the “2021 BSPCE”). This grant covers 15,000 2021 BSPCE to an Afyren employee.
- The Board of Directors decided on 24 March 2022 to grant 257,620 free shares to each of the two executives
- At its meeting of 5 July 2022, the Board of Directors decided to issue founder share warrants (the “2022 BSPCE”). This grant covers 7,500 2022 BSPCE in favour of an Afyren director.
- On 3 October 2022, the Board of Directors decided to award 4,033 free shares to an Afyren employee.
- The Board of Directors decided on 5 December 2022 to grant 13,936 free shares to employees of Afyren and Afyren Neoxy.

The main characteristics and conditions relating to grants under these plans are as follows:

	Number of shares granted	Grant date	Vesting conditions	Contractual life of options	Average fair value of the three tranches (in €)
BSPCE 5	25,000	27/06/2019	Employment (three years)	10 years	5.69
BSPCE 5	52,500	01/07/2019	Employment (three years)	10 years	5.69
BSPCE 5	87,500	01/07/2019	Employment (three years)	10 years	5.69
BSPCE 5	10,000	22/10/2019	Employment (three years)	10 years	5.70

BSPCE 5	15,000	30/10/2019	Employment (three years)	10 years	5.70
BSPCE 5	95,000	12/12/2019	Employment (three years)	10 years	5.70
BSPCE 5	7,500	21/05/2020	Employment (three years)	10 years	5.71
BSPCE 5	175,000	16/09/2020	Employment (three years)	10 years	5.68
BSPCE 5	10,000	01/11/2020	Employment (three years)	10 years	5.67
BSPCE 5	10,000	01/12/2020	Employment (three years)	10 years	5.67
BSPCE 5	102,500	21/01/2021	Employment (three years)	10 years	5.67
2021 free share grants	106,544	07/12/2021	Employment (1 year)	n.a.	9.07
BSPCE 5	17,500	04/02/2022	Employment (three years)	10 years	3.83
BSPCE 5	15,000	24/03/2022	Employment (three years)	10 years	3.65
2021 free share grants	515,240	24/03/2022	Employment (three years)	n.a.	5.36
BSPCE 2022	7,500	05/07/2022	Employment (three years)	10 years	2.95
2021-2 free share grant	4,033	03/10/2022	Employment (1 year)	n.a.	6.01
2021-3 free share grant	13,936	05/12/2022	Employment (1 year)	n.a.	5.95
Total	1,269,753				

The data used to measure the fair values at the grant date of the BSPCE 5 and 2021 free share grant granted in 2021 and 2022 are as follows:

	BSPCE 5 issued in 2021	BSPCE 5 issued in 2022	2021 free share grants
Fair value at grant date (in €)	From 5.69 to 5.71	From 2.95 to 3.83	From 5.36 to 9.07
Share price on grant date (in €)	2.06	From 7.91 to 8.22	7.91
Option exercise price (in €)	2.06	8.02	n.a.
Expected volatility (weighted average)	63%	53%	61%
Expected life (weighted average)	6 years	Due in 5 to 6 years	Due in 5 to 6 years
Expected dividends	0%	0%	0%
Risk-free interest rate (based on government bonds)	From -0.68% to -0.39%	From -0.65% to 0.50%	From -0.56% to 0.50%

The fair value of the 2021 free share grant (granted in 2021), 2021-2 free share grant and 2021-3 free share grant corresponds to the closing price on the date of grant, i.e. €9.07, €6.01 and €5.95 respectively, since the present value of estimated future dividends over the vesting period is zero.

In 2021 and 2022, the change in the number of BSPCE 5 is as follows:

Number of options	2022.12	Weighted average exercise price 2021 (in €)	2021.12	Weighted average exercise price 2020 (in €)
Outstanding as of 1 January	590,000	2.02	487,500	2.06
Lapsed during the period				
Exercised during the period				
Granted during the period	**40,000**	**7.81**	**102,500**	**1.81**
Outstanding as of 31 December	630,000	2.39	590,000	2.02
Exercisable as of 31 December	454,168		340,062	

In 2021, the change in the number of BSPCE 2, BSPCE 3 and BSPCE 4 is as follows:

	BSPCE 2		BSPCE 3		BSPCE 4	
	Number of warrants	Weighted average exercise price 2022 (in €)	Number of warrants	Weighted average exercise price 2022 (in €)	Number of warrants	Weighted average exercise price 2022 (in €)
Outstanding as of 1 January	182,000	0.40	257,000	0.63	87,500	1.12
Lapsed during the period	**-**		**-**		**- 87,500**	**1.12**
Exercised during the period	**-**		**-**		**-**	
Granted during the period	**-**		**-**		**-**	
Outstanding as of 31 December	182,000	0.40	257,000	0.63	-	-
Exercisable as of 31 December	182,000		257,000			

The number of BSCPE 2, BSPCE 3, BSPCE 4 and BSPCE 5 has been adjusted retrospectively to take into account the division by five of the nominal value of the Company's shares. This resulted in a fivefold increase in the number of warrants and a division by five of the strike price.

The change in the number of free shares granted in 2021 and 2022 is as follows:

Number of 2021 free share grants:	2022.12	Weighted average exercise price 2021 (in €)	2021.12	Weighted average exercise price 2021 (in €)
Outstanding as of 1 January	106,544	-	-	-
Lapsed during the period				
Exercised during the period	- 106,544			
Granted during the period	533,209	-	106,544	-
Outstanding as of 31 December	533,209	-	106,544	-
Exercisable as of 31 December	-		-	

6.6.5. Compensation of main executives (related parties)

Compensation recognised as expenses for the main executives, corresponding to the members of the Executive Committee and the Board of Directors, is as follows:

In €k	2022.12	2021.12
Short-term employee benefits	1,033	1,275
Defined contribution post-employment benefits	108	104
Defined benefit post-employment benefits	30	47
Share-based payments	1,851	228
Total	3,021	1,654

The liability related to defined benefit post-employment benefits in respect of the main executives was €0.04 million as of 31 December 2022 and €0.05 million as of 31 December 2021.

7. Net financial income (expense)

Interest expense

Interest expenses on borrowings, financial liabilities and lease liabilities are recognised using the effective interest rate method.

The Company's financial income and expenses include:

In €k	2022.12	2021.12
Interest expense on borrowings	- 32	- 28
Interest expense on convertible bonds	- 146	- 158
Interest expense on repayable advances	- 17	- 25
Interest expense on lease liabilities - IFRS 16	- 4	-5
Financing component on the license agreement	- 145	- 190
Foreign exchange losses	- 1	- 0
Total financial expenses	- 345	- 405
Other financial income	179	3
Total financial income	179	3
Net financial income (expense)	- 166	- 403

Other financial income corresponds to interest income on term accounts.

8. Income tax

Income tax

Income taxes include current and deferred tax expense (income), calculated in accordance with French tax laws. They are recognised in the income statement, unless they relate to items recognised in other comprehensive income, directly in equity or in business combinations. Tax assets and liabilities are offset provided they meet certain criteria.

The Company considered that, based on the analysis of the texts, the corporate value added contribution (CVAE) meets the definition of income tax as set out in IAS 12.2 ("Taxes due on the basis of taxable income").

Tax payable

Tax payable includes the estimated amount of tax due (or receivable) in respect of the taxable profit (or loss) for a period and any adjustment to the amount of tax due in respect of prior periods. The amount of tax payable (or receivable) is determined on the basis of the best estimate of the amount of tax that the Company expects to pay (or receive) reflecting, where applicable, the related uncertainties. It is calculated based on the basis of tax rates that have been enacted or are likely to be enacted at the balance sheet date.

Deferred taxes

Deferred tax is recognised on the temporary differences between the carrying amount of assets and liabilities and their tax bases.

Deferred tax assets are recognised in respect of deductible temporary differences and unused tax losses and tax credits only to the extent that it is probable that the Group will generate future taxable profits against which these can be utilised. Future taxable profits are measured against the reversal of taxable temporary differences. If the amount of the temporary differences is insufficient to recognise a deferred tax asset in full, future taxable profits, adjusted for the reversal of the temporary differences, are measured against the business plan of each of the Group's subsidiaries. Deferred tax assets are reviewed at each balance sheet date and are reduced to the extent that it is no longer probable that sufficient taxable profit will be available. These reductions are reversed when the likelihood of future taxable profits increases.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the asset is realised and the liability is settled, based on tax rates that have been enacted or substantively enacted by the balance sheet date, and takes into account, where appropriate, income tax uncertainty.

8.2. Income tax expense

In €k	2022.12	2021.12
Tax payable	-	-
Deferred tax	-	-
CVAE	-	-
TOTAL	-	-

8.3. Income tax reconciliation

The reconciliation between the effective tax rate and the theoretical tax rate is as follow:

In €k	2022.12	2021.12
Income before tax	- 9,200	- 3,608
Neutralisation of the share in income of equity-accounted company (net of tax)	3,662	1,029
Profit before tax and share in income of equity-accounted company (net of tax)	- 5,537	- 2,579
Normative tax rate	25.0%	25.0%
Theoretical tax (expense)/income	1,384	645
Reconciliation with effective interest rate		
- Research tax credit (CIR)	73	48
- Other tax credits		
- CVAE (corporate value added contribution) as tax expense	-	- 0
- Losses for the period not capitalised	- 903	- 1,815
- Share-based compensation expense	- 557	- 80
- Gains or losses on disposals of treasury shares	14	- 0
- Permanent differences	- 2	1,204
- Convertible bonds	- 11	- 2
- Other differences		
Actual tax (expense)/income	-	-

The permanent differences in 2021 correspond mainly to issue costs related to the capital increase carried out in the context of the IPO, which are recognised in equity.

8.4. Breakdown of net deferred tax assets (liabilities)

The changes in deferred tax balances are as follows:

In €k	2022.12	Change in income statement	Change in other comprehensive income	Change in shareholders' equity	2022.12 Net	Deferred tax assets	Deferred tax liabilities
Deferred tax assets related to tax loss carryforwards	407	149	11		567	567	
Defined benefit liability	18	9	- 11		17	17	
Leases	- 1	- 2	-		- 3		- 3
Convertible bonds	- 96	- 26	-		- 122		- 122
Neoxy license agreement	- 328	- 130	-		- 459		- 459
Other adjustments	- 1	0	-		- 0		- 0
TOTAL DEFERRED TAXES	-	0	-	-	0	584	- 584

2021.12

In €k	2021.12	Change in income statement	Change in other comprehensive income	Change in shareholders' equity	Net	Deferred tax assets	Deferred tax liabilities
Deferred tax assets related to tax loss carryforwards	**285**	**121**	**2**		**407**	**407**	
Defined benefit liability	**13**	**7**	**- 2**		**18**	**18**	
Leases	**- 14**	**13**	**-**		**- 1**		**- 1**
Convertible bonds	**- 72**	**- 23**	**-**		**- 96**		**- 96**
Neoxy license agreement	**- 209**	**- 119**	**-**		**- 328**		**- 328**
Other adjustments	**- 2**	**1**	**-**		**- 1**		**- 1**
					-		
TOTAL DEFERRED TAXES	-	-	-	-	-	426	- 426

8.5. Unrecognised deferred tax assets

At this stage, the Company has not recognised any deferred tax asset relating to the unused tax losses detailed below as they are expected to be recoverable only in the very long term.

2022.12		2021.12		
Gross amounts (in €k)	Tax effect (in €k)	Gross amounts (in €k)	Tax effect (in €k)	Expiry date of the tax loss
14,725	**3,681**	**11,115**	**2,779**	**n.a.**

8.6. Tax uncertainties

The Company has no significant tax uncertainties within the scope of IFRIC 23.

9. Intangible assets and property, plant and equipment

9.2. Intangible assets

Research and Development

Research costs are expensed as incurred.

Development expenses are recognised as intangible assets if and only if the expenses can be measured reliably and the Company can demonstrate the technical and commercial feasibility of the product or process, the existence of probable future economic benefits and its intention as well as the availability of sufficient resources to complete development and use or sell the asset. Otherwise, they are expensed as incurred. Subsequent to initial recognition, development expenses are carried at cost less any accumulated depreciation and impairment losses.

Borrowing costs related to the financing of capitalised development costs are included in their cost. The Company has elected to use the IFRS 1 exemption to prospectively apply the borrowing cost capitalisation provisions of IAS 23 from the date of transition to IFRS on 1 January 2019.

Other intangible assets

Other intangible assets mainly correspond to patents and computer software. They have a finite useful life and are carried at cost less any accumulated depreciation and impairment losses.

Depreciation

Depreciation is calculated on a straight-line basis over the estimated useful life of the assets.

The estimated useful lives for the current and comparative periods are as follows:

- License developed in-house 10 years
- Patents: 10 years
- Computer software: 2 years

The depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if necessary.

Intangible assets break down as follows:

In €k	2021.12	Acquisitions	Disposals	Charges for the year	Reclassifications	2022.12
Technology developed in-house	3,682	-				3,682
Concessions, patents and similar rights	685	59	-			744
Ongoing development costs	660	245				905
Other intangible assets	-	-				-
Intangible assets (gross value)	5,027	304	-	-	-	5,331
Amortisation of technology developed in-house	- 1,117			- 368		- 1,485
Amortisation of concessions, patents and similar rights	- 150			- 75		- 225
Amortisation of other intangible assets	-			-		-
Amortisation of intangible assets	- 1,267	-	-	- 443	-	- 1,710
Total net value	3,760	304	-	- 443	-	3,621

In €k	2020.12	Acquisitions	Disposals	Charges for the year	Reclassifications	2021.12
Technology developed in-house	3,682	-				3,682

Concessions, patents and similar rights	616	69				685
Ongoing development costs	500	160				660
Other intangible assets	-	-				-
Intangible assets (gross value)	4,798	229	-	-	-	5,027
Amortisation of technology developed in-house	- 748			- 368		- 1,117
Amortisation of concessions, patents and similar rights	- 83			- 68		- 150
Amortisation of other intangible assets	-			-		-
Amortisation of intangible assets	- 831	-	-	- 436	-	- 1,267
Total net value	3,966	229	-	- 436	-	3,760

Changes in concessions, patents and similar rights correspond to the acquisition of patents required for research and development (processes involving fertiliser, vinasse, etc.).

Changes in ongoing development costs correspond to expenses incurred in connection with the "R&D Booster" project which began in February 2019.

9.3. Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

The gain or loss on disposal of property, plant and equipment is recognised in profit or loss.

Depreciation is calculated on a straight-line basis over the estimated useful life.

The estimated useful lives of property, plant and equipment for the current and comparative periods are as follows:

- Technical installations, equipment and tools Due in 3 to 5 years
- Computer hardware: Due in 2 to 3 years
- Furniture: Due in 3 to 5 years
- Fixtures and fittings Due in 3 to 5 years

The depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if necessary.

Property, plant and equipment breaks down as follows:

In €k	2021.12	Acquisitions	Disposals	Charges for the year	Reclassifications	2022.12
Other technical facilities, equipment and tools	**294**	**222**	**- 65**			**451**
Fixtures and fittings	**57**	**18**				**75**
Office furniture	**17**	**-**				**17**
Computer hardware	**6**	**2**				**8**
Other property, plant and equipment	**0**	**- 0**				**- 0**
Property, plant and equipment in progress	**2**	**118**				**120**
Property, plant and equipment (gross value)	376	360	- 65	-	-	671
Depreciation of other technical installations, equipment and tools	**- 210**		**-**	**- 60**		**- 270**
Depreciation of fixtures and fittings	**- 15**			**- 12**		**- 27**
Depreciation of office furniture	**- 10**			**- 2**		**- 12**
Depreciation of computer equipment	**- 3**			**- 1**		**- 4**
Depreciation of other property, plant and equipment	**0**			**- 0**		**- 0**
Depreciation of property, plant and equipment	- 237	-	-	- 76	-	- 313
Total net value	139	360	- 65	- 76	-	358

In €k	2020.12	Acquisitions	Disposals	Charges for the year	Reclassifications	2021.12
Other technical facilities, equipment and tools	**331**	**109**	**- 146**			**294**
Fixtures and fittings	**53**	**4**				**57**
Office furniture	**15**	**2**				**17**
Computer hardware	**3**	**3**				**6**
Other property, plant and equipment	**0**	**0**				**0**
Property, plant and equipment in progress	**-**	**2**				**2**
Property, plant and equipment (gross value)	402	120	- 146	-	-	376
Depreciation of other technical installations, equipment and tools	**- 324**		**125**	**- 11**		**- 210**
Depreciation of fixtures and fittings	**- 3**			**- 11**		**- 15**
Depreciation of office furniture	**- 6**			**- 3**		**- 10**
Depreciation of computer equipment	**- 2**			**- 1**		**- 3**
Depreciation of other property, plant and equipment	**0**			**- 0**		**0**
Depreciation of property, plant and equipment	- 336	-	125	- 26	-	- 237
Total net value	66	120	- 21	- 26	-	139

Changes in property, plant and equipment during financial year 2022 include equipment and fixtures and fittings on new premises.

9.4. Impairment testing

In accordance with IAS 36 "Impairment of Assets", the Company regularly examines whether there is any indication that intangible assets and property, plant and equipment with a definite useful life are impaired. If such evidence exists, the company performs an impairment test to assess whether the carrying amount of the assets (or groups of assets corresponding to the cash-generating units) does not exceed its recoverable amount, defined as the higher of fair value less costs to sell and value in use.

No indications of impairment were identified for 2022 and 2021.

10. Leases

Upon signing a contract, the Company determines whether the agreement constitutes, or contains, a lease.

The contract is or contains a lease if it confers the right to control the use of an identified asset for a period of time in exchange for a consideration. In assessing whether a contract gives the right to control an identified asset throughout the period of use of the asset, the Company assesses whether: i) the contract involves the use of an identified asset, ii) the Company has the right to obtain substantially all the economic benefits of the use of the asset throughout the period of use, and iii) the Company has the right to decide on the use of the asset.

The Company recognises a 'right of use' asset and a lease liability at the date the leased asset is made available. The "right-of-use" asset is initially measured at cost, i.e. the initial amount of the lease liability plus any lease payments already made at the start date of the lease, any initial direct costs incurred and an estimate of the costs of dismantling and removing or restoring the underlying asset or the site where it is located, less any lease incentive benefit received.

The right-of-use asset is then amortised on a straight-line basis from the start to the end of the lease, unless the lease provides for a transfer of ownership of the underlying asset to the Company at the end of the lease term or the cost of the right-of-use asset reflects the fact that the Company will exercise a call option. In this case, the right-of-use asset will be amortised over the useful life of the underlying asset, determined on the same basis as that of property, plant and equipment. In addition, the value of the "right-of-use" asset will be regularly reduced in the event of impairment losses and will be adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments due but not yet paid at the start date of the lease. The discount rate used is the interest rate implicit in the lease or, if it cannot be easily determined, to the Company's incremental borrowing rate. The Company generally uses the latter rate as its discount rate.

The Company determines its incremental borrowing rate based on the interest rates offered by various external financing sources for a term equivalent to the lease term.

Lease payments included in the lease liability valuation include the following:

- Fixed rents, including substantive fixed rents;
- Variable rents indexed to an index or interest rate, initially measured on the basis of the index or interest rate in question on the contract start date;
- Amounts payable under the residual value guarantee; and
- The exercise price of a call option that the Company is reasonably certain to exercise, lease payments during the renewal period if the Company is reasonably certain to exercise an extension option and lease early termination penalties, unless the Company is reasonably certain not to terminate the lease early.
- Deduction of incentives granted by the lessor.

The lease liability is measured at amortised cost using the effective interest rate method. It is revalued in the event of a change in future lease payments due to a change in index or interest rate, in the event that the Company reassesses the amount expected under the residual value guarantee, if the Company revises its likelihood of exercising a call, extension or termination option, or in the event of a revision of a fixed lease payments in substance.

When the lease liability is revalued, an adjustment is made to the carrying amount of the right-of-use asset or is recorded in income if the amount of the right-of-use asset has been reduced to zero.

Lastly, the Company has elected not to recognise right-of-use assets or lease liabilities for short-term leases with a term of 12 months or less, as well as for low-value asset leases (less than €5,000). These lease payments are recognised as expenses.

The Company recognises deferred tax assets and liabilities on the lease liability and the right of use, respectively, on the basis that the tax deductions are attributable to the liability.

In the event of renegotiation of a lease (amount of rent and/or term) exceeding the initial provisions of the lease, amendments to leases generally result in the lessee recalculating the lease liability using a revised discount rate in return for a change in the right of use.

In connection with the recognition of leases under IFRS 16 on the date of transition to IFRS on 1 January 2019, the Company has elected to apply the exemption provided for in IFRS 1, which allows it to measure the lease liability at that date at the present value of the remaining lease payments based on the lessee's incremental borrowing rate at the transition date, and the right of use in the amount of the lease liability (adjusted for amounts of prepaid lease payments or benefits received, if any). In addition, contracts with a residual term of less than 12 months at the transition date and contracts for low-value assets have not been restated.

In the course of its business, the Company leases premises, vehicles and equipment.

The main contracts for the periods presented are:

- The lease agreement for equipment at the Pilot site, which was amended in January 2020 in order to extend the term of 28 months from February 2020, was redeemed early on 1 October 2021, in return for payment of the remaining lease payments due (i.e. €0.02 million).
- The 3-6-9 contracts for the Clermont-Ferrand and Lyon offices signed in May and September 2020. The lease periods used correspond to the first three-year period insofar as an extension beyond that period is not reasonably certain given the growing needs for the premises. These are indexed fixed lease payments.
- The 3-6-9 contract for the new Lyon offices signed in December 2022. The lease term corresponds to the first three-year period as an extension beyond that period is not reasonably certain given the growing needs for the premises. These are indexed fixed lease payments.

Vehicle leases have fixed lease payments and terms of approximately three years that do not contain any early termination or renewal options.

Short-term exempted contracts are mainly for temporary premises. Low-value exempt contracts are mainly for computer hardware.

The rights of use break down as follows:

In €k	Premises	Vehicles	Equipment	TOTAL
Balance as of 31 December 2020	191	35	96	322
Depreciation charge for the year	- 73	- 23	- 55	- 151
Reversal of depreciation for the year				-
Additions to the "rights of use" asset				-
Derecognition of the "rights of use" asset		17	- 41	- 23
Balance as of 31 December 2021	118	30	0	148
Depreciation charge for the year	- 82	- 28		- 110
Reversal of depreciation for the year				-
Additions to the "rights of use" asset	344	64		408
Derecognition of the "rights of use" asset				-
Balance as of 31 December 2022	380	65	0	446

In addition, the related impacts on the income statement and in terms of cash flows are as follows:

- Amounts recognised in net income

In €k	2022.12	2021.12
Interest expense on lease liabilities	4	5
Expenses related to short-term leases	27	19
Expenses related to leases of low-value assets, excluding short-term leases of low-value assets	40	37
Balance as of 31 December 2022	72	60

- Amounts recognised in cash flows:

In €k	2022.12	2021.12
Total cash outflows from leases	250	210

11. Non-current financial assets

Loans and guarantees given mainly under leases are initially recognised at fair value and subsequently at amortised cost.

Non-current financial assets correspond to guarantees paid under leases. They amounted to €0.06 million as of 31 December 2022, compared with €0.03 million as of 31 December 2021.

12. Trade receivables and other current assets

Trade and other operating receivables are initially recognised at fair value and subsequently at amortised cost, which generally corresponds to their nominal value.

In accordance with IFRS 9, the Company applies the simplified method in measuring trade receivables and recognises expected impairment losses over their lifetime.

Trade receivables and other current assets break down as follows:

In €k	2022.12	2021.12
Trade receivables	788	622
Impairment of receivables in respect of expected losses	-	-
Total trade receivables	788	622
Current financial assets	71	230
Prepaid expenses	91	74
Tax receivables	96	474
Shareholder loans - assets	6	5

Research tax credit receivable	365	228
Other current assets	73	142
Total other current assets	630	923

Trade receivables correspond to receivables from Afyren Neoxy under service agreements entered into with the latter.

Tax receivables decreased during the year due to the presence of a VAT credit of €0.4 million as of 31 December 2021.

The "Current financial assets" item amounting to €0.07 million as of 31 December 2022 and €0.2 million as of 31 December 2021 relates to the liquidity account opened on 1 November 2021.

When signing this 12-month liquidity agreement (with tacit renewal) with Oddo (the "Liquidity Provider"), the Company made a payment of €0.3 million. This sum is intended to finance purchases and sales of treasury shares made by the Liquidity Provider at market conditions.

13. Cash and cash equivalents

Cash and cash equivalents comprise cash held with other banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of change in value.

In the cash flow statement, this item corresponds to cash and cash equivalents after deducting bank overdrafts.

In €k	2022.12	2021.12
Bank accounts	**8,168**	**37,110**
Cash equivalents	**54,164**	**30,018**
Cash and cash equivalents in the statement of financial position	62,333	67,128
Bank overdrafts repayable on demand and used for cash management purposes	-	-
Cash and cash equivalents in the cash flow statement	62,333	67,128

The “Cash equivalents” item corresponds to term accounts. As of 31 December 2022, these term accounts are open for a period ranging from 3 months to 5 years and are redeemable at any time early subject to 32 days notice.

14. Equity

14.2. Share capital

The issue costs of capital increases are recognised in equity.

The A preferred shares ("A PS") are equity instruments in that they are non-redeemable, entitled to discretionary dividends and have no obligation to deliver a variable number of common shares.

The share subscription warrants (Tranche 2 and Tranche 3 BSAs) attached to the A PS are equity instruments in that they are non-redeemable and give entitlement to a fixed number of ordinary shares.

If the Company buys back its own equity instruments, the amount of consideration paid including directly attributable costs is recognised as a reduction of equity. Shares bought back are classified as treasury shares in the reserve for treasury shares. When treasury shares are sold or reissued, the amount received is recognised as an increase in equity, and the positive or negative balance of the transaction is presented as an issue premium.

The Company's share capital consists of:

	Ordinary shares		A preference shares		Total	
Number of shares:	2022.12	2021.12	2022.12	2021.12	2022.12	2021.12
Outstanding as of 1 January	**15,470,859**	**7,184,500**	**10,291,165**	**10,291,165**	**25,762,024**	**17,475,665**
Capital decrease	**-**	**-**	**-**	**-**	**-**	**-**
Capital increase	**106,544**	**8,286,359**			**106,544**	**8,286,359**
Outstanding as of 31 December - fully paid-up shares	15,577,403	15,470,859	10,291,165	10,291,165	25,868,568	25,762,024

On 1 October 2021, Afyren completed its IPO on the unregulated Euronext Growth market in Paris. The result of this operation was:

- An issue of 8,286,359 shares with a par value of €0.02, i.e. a capital increase of €0.2 million;
- Together with an issue premium of €8.00 per share, i.e. a total issue premium of €66.3million.

On 9 December 2022, the Board of Directors noted a capital increase on 7 December 2022 resulting from the definitive vesting of the free share plan of 7 December 2021 for an amount of € 2,130.88 by the issue of 106,544 new ordinary shares with a nominal value of €0.02 each. The capital increase brings the share capital to €517,371.36, divided into 25,868,568 shares.

14.3. Capital management

The Company's policy is to maintain a strong capital base in order to maintain investor, creditor and market confidence and to support development activities.

Furthermore, the Company's activities are currently financed mainly by obtaining loans, grants, repayable advances and capital increases.

14.4. Earnings per share

Basic earnings per share base are calculated using earnings attributable to holders of ordinary shares and the following weighted average number of ordinary shares outstanding.

Diluted earnings per share are calculated using earnings attributable to holders of ordinary shares and the following weighted average number of ordinary shares outstanding, adjusted for the effects of all dilutive potential ordinary shares.

Net income attributable to holders of ordinary (basic) shares

In €k	2022.12	2021.12
Net income for the period attributable to owners of the Company	- 9,200	- 3,609
Net income attributable to holders of ordinary shares	- 9,200	- 3,609

Weighted average number of ordinary (basic) shares

	2022.12	2021.12
Number of ordinary shares as of 1 January	25,762,024	17,475,665
Capital decrease		-
Capital increase (in number of shares)	106,544	8,286,359
Weighted average number of ordinary shares as of 31 December	25,769,030	19,609,686
Basic earnings per share (in €)	- 0.36	- 0.18
Diluted earnings per share (in €)	- 0.36	- 0.18

Diluted earnings per share correspond to basic earnings insofar as the BSPCE issued are anti-dilutive given the Company's negative net income.

15. Provisions and contingent liabilities

A provision is recognised when the Company has a legal or constructive obligation at the balance sheet date as a result of a past event, which is likely to result in an outflow of resources and the amount of which can be reliably estimated.

The amount recognised as a provision is the best estimate of the spending required to settle the present obligation at the balance sheet date.

As of 31 December 2021 and 2022, the provision of €0.01 million relates to a labour dispute.

Furthermore, the Company has not identified any contingent liabilities.

16. Borrowings, financial liabilities and lease liabilities

16.2. Main terms and conditions of borrowings and financial liabilities

Financial liabilities are initially recognised at fair value less transaction costs and subsequently at amortised cost using the effective interest method.

Convertible bonds are compound instruments including:
- a debt component (excluding the conversion option) initially recognised in the balance sheet at fair value less transaction costs and subsequently at amortised cost using the effective interest method;
- an equity component corresponding to the conversion option, the value of which is calculated as the difference between the fair value of the convertible bonds (their nominal value) and the fair value of the debt component.

In addition, in accordance with the IFRS 1 exemption for government loans, the Company has elected to apply IFRS 9 and IAS 20 prospectively from the transition date of 14 January 2019 to interest-free BPI loans taken out prior to the transition date. Thus, these loans are maintained at their nominal value, without being revalued to their fair value on the initial recognition date and without recognition of a grant component.

The terms and conditions of outstanding loans are as follows:

In €k	Currency	Variable/fixed interest rate	Maturity year	Nominal value	2022.12 Carrying amount	2021.12 Carrying amount
Convertible bonds	**EUR**	**Fixed rate**	**2023**	**3,567**	**3,412**	**3,444**
Total convertible bonds				3,567	3,412	3,444
State guaranteed loan (PGE) - BNP	**EUR**	**Fixed rate**	**2026**	**780**	**699**	**797**
State guaranteed loan (PGE) - BPI	**EUR**	**Fixed rate**	**2026**	**300**	**281**	**300**
State guaranteed loan (PGE) - BPAR	**EUR**	**Fixed rate**	**2026**	**780**	**685**	**782**
State guaranteed loan (PGE) - CA	**EUR**	**Fixed rate**	**2026**	**780**	**683**	**780**
Total state guaranteed loans (PGE)				2,640	2,349	2,659
BPI PAI 1 repayable advance	**EUR**	**Average 3-month EURIBOR rate**	**2023**	**50**	**3**	**13**
BPI PAI 2 repayable advance	**EUR**	**Fixed rate**	**2024**	**150**	**45**	**75**
BPI PAI 3 repayable advance	**EUR**	**Fixed rate**	**2024**	**302**	**136**	**181**
BPI PAI 3 repayable advance	**EUR**	**Fixed rate**	**2025**	**198**	**119**	**149**
BPI CMI2 repayable advance	**EUR**	**Fixed rate**	**2024**	**573**	**302**	**408**
Total repayable advances				1,273	604	825
BPI ADI Zero rate	**EUR**	**Fixed rate**	**2024**	**690**	**276**	**380**

Total equity loan	**EUR**	**Fixed rate**	**2024**	**400**	**179**	**312**
BPI R&D Innovation loan 1	**EUR**	**Fixed rate**	**2027**	**750**	**750**	**750**
BPI R&D Innovation loan 2	**EUR**	**Fixed rate**	**2028**	**200**	**200**	**200**
BP Boehringer loan	**EUR**	**Fixed rate**	**2027**	**75**	**64**	**-**
BPI Prospecting insurance	**EUR**	**Fixed rate**	**2029**	**52**	**52**	**-**
Total other borrowings				2,167	1,521	1,642
Lease liability	**EUR**	**Fixed rate**		411	411	145
Accrued interest					242	235
Total				10,058	8,539	8,950
Current portion					5,054	950
Non-current portion					3,485	7,999

Borrowings

In 2021, the Company took out an R&D innovation loan from Bpifrance for €0.2 million.

In 2022, the Company took out:
- A Boehringer revitalisation loan from Banque Populaire for €0.075 million.
- An export prospecting insurance with BPI for an amount of €0.1 million, of which €0.05 million was received during the financial year.

16.3. Table showing changes in borrowings, financial liabilities and lease liabilities, distinguishing between cash flows and other flows

Changes in borrowings and financial liabilities as well as lease liabilities break down as follows:

In €k	2021.12	Cash flow			Non-monetary changes			2022.12
		Proceeds from new borrowings	Interest flows paid	Debt repayment	Interest expenses	Impact of IFRS 16 - Leases	Reclassification	
Convertible bonds	**3,340**						**-3,340**	**-**
Other borrowings	**4,617**	**127**			**5**		**-1,491**	**3,259**
Non-current lease liabilities	**43**			**-142**		**408**	**-85**	**225**
Total non-current borrowings and liabilities	8,000	127	-	-142	5	408	-4,916	3,484
Convertible bonds	**104**		**-178**		**146**		**3,340**	**3,412**
Other borrowings	**743**		**-50**	**-779**	**50**		**1,491**	**1,455**
Current lease liabilities	**103**		**-4**			**4**	**85**	**187**
Total current borrowings and financial liabilities	950	-	-232	-779	196	4	4,916	5,054

In €k	2020.12	Cash flow			Non-monetary changes			2021.12
		Proceeds from new borrowings	Interest flows paid	Debt repayment	Interest expenses	Impact of IFRS 16 - Leases	Reclassification	
Convertible bonds	**3,340**							**3,340**
Other borrowings	**2,340**	**200**			**3**		**2,075**	**4,617**

Non-current lease liabilities	**147**					**-104**		**43**
Total non-current borrowings and liabilities	5,826	200	-	-	3	-104	2,075	8,000
Convertible bonds	**124**		**-178**		**158**			**104**
Other borrowings	**3,330**		**-227**	**-528**	**243**		**-2,075**	**743**
Current lease liabilities	**118**		**-5**		**5**	**-16**		**103**
Total current borrowings and financial liabilities	3,573	-	-410	-528	405	-16	-2,075	950

As of 31 December 2022, the reclassification of €3,340 thousand between current and non-current convertible bonds relates to the bond that matures in the following year.

As of 31 December 2021, the reclassification of €1,910 thousand between other current and non-current borrowings relates to the State Guaranteed Loans which are now classified as non-current following the signing of the amendments in 2021 (see note 16.1.).

17. Current and non-current trade and other liabilities

Trade payables are initially recognised at fair value and subsequently at amortised cost, which generally corresponds to their nominal value.

Trade payables and other liabilities break down as follows:

In €k	2022.12	2021.12
Total trade payables	520	513
Current deferred income (customer contract liabilities)	1,319	1,272
Social security liabilities	**919**	**708**
Tax liabilities	**147**	**133**
Total other current liabilities	1,066	841
Non-current deferred income (customer contract liabilities)	**1,321**	**2,640**
Non-current deferred income (grant)	**997**	**990**
Total	5,222	6,257

Regarding current and non-current deferred income relating to customer contract liabilities - see Note 6.2.

Other non-current deferred income relates to investment grants received and mainly includes two grants:

- CMI grant for €0.6 million received as part of Bpifrance's innovation support programme;
- A €0.4 million "Booster R&D" grant received as part of the project to demonstrate the semi-industrial production of natural products in the Auvergne-Rhône-Alpes region.

18. Financial instruments and risk management

18.2. Classification and fair value of financial instruments

The levels in the fair value hierarchy are as follows:

- Level 1: fair value based on quoted prices of the instrument in an active market;
- Level 2: fair value measured using observable market data (other than the instrument's quoted prices included in level 2);
- Level 3: fair value is determined using valuation methods based on unobservable market data.

In €k	Accounting category	Level in the fair value hierarchy	2022.12 Total net carrying amount	2022.12 Fair value	2021.12 Total net carrying amount	2021.12 Fair value
Deposits and guarantees	**Fair value**	**Level 2 - Note 2**	**62**	**62**	**28**	**28**
Total non-current financial assets			62	62	28	28
Trade receivables	**Amortised cost**	**Note 1**	**788**	**788**	**622**	**622**
Current financial assets	**Amortised cost**	**Note 1**	**71**	**71**	**230**	**230**
Other current financial assets	**Amortised cost**	**Note 1**	**38**	**38**	**142**	**142**
Cash and cash equivalents	**Amortised cost**	**Note 1**	**62,333**	**62,333**	**67,128**	**67,128**
Total current financial assets			63,230	63,230	68,122	68,122
Total assets			63,292	63,292	68,150	68,150
Convertible bonds	**Fair value**	**Level 2 - Note 5**	**-**	**-**	**3,340**	**3,340**
Borrowings and financial liabilities	**Amortised cost**	**Level 2 - Note 5**	**3,259**	**3,259**	**4,617**	**4,617**
Total non-current financial liabilities			3,259	3,259	7,957	7,957
Non-current lease liability	**Amortised cost**	**Level 2 - Note 3**	224	224	42	42
Convertible bonds	**Fair value**	**Level 2 - Note 5**	**3,412**	**3,412**	**104**	**104**
Borrowings and financial liabilities	**Amortised cost**	**Level 2 - Note 5**	**1,455**	**1,455**	**743**	**743**
Trade payables	**Amortised cost**	**Note 1**	**520**	**520**	**513**	**513**
Total current financial liabilities			5,387	5,387	1,360	1,360
Current lease liability	**Amortised cost**	**Note 3**	187	187	103	118
Total liabilities			9,057	9,057	9,462	9,478

Note 1 - The net carrying amount of current financial assets and liabilities is considered to be an approximation of their fair value.

Note 2 - The difference between the carrying amount and the fair value of borrowings and guarantees is not considered significant.

Note 3 - As permitted by IFRS, the fair value of the lease liability and its level in the fair value hierarchy is not provided.

Note 5 - The fair value of borrowings and financial liabilities has been estimated using the discounted future cash flow method at a market rate. However, the difference with the carrying amount of the instruments is not significant given the slight change in the Company's risk-free interest rates and credit spread.

18.3. Risk management

The Company is exposed to interest rate risk, credit risk and liquidity risk.

18.3.1. Interest rate risk

The Company's interest rate risk is limited as its main borrowings are at fixed rates. The Company does not use any derivative financial instruments to hedge its interest rate risk.

18.3.2. Credit risk

Credit risk represents the risk of financial loss for the Company in the event that a customer or counterparty to a financial instrument fails to meet its contractual obligations. The carrying amounts of financial assets represent the maximum exposure to credit risk.

Cash and cash equivalents

The Company's cash and cash equivalents are held with leading banking and financial institution counterparties.

The Company believes that its cash and cash equivalents present a very low credit risk given the external credit ratings of its counterparties.

Trade receivables and contract assets

The Company has limited exposure to credit risk related to trade receivables. Trade receivables consist only of receivables with its Afyren Neoxy joint venture.

As of 31 December 2021 and 2022, no impairment of receivables was written off or impaired with incurred losses (credit impaired).

18.3.3. Liquidity risks

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations related to financial liabilities that will be settled by delivery of cash or other financial assets. The Company's objective in managing liquidity risk is to ensure, to the extent possible, that it will have sufficient liquidity to meet its liabilities as they fall due, under normal or "stressed" conditions, without incurring unacceptable losses or damaging the Company's reputation.

The residual contractual maturities of financial liabilities at the balance sheet date are as follows. Amounts are expressed on a gross, undiscounted basis and include contractual interest payments.

	In €k	Contractual financial flows				
2022.12	Carrying amount	Total	less than one year	Due in 1 to 2 years	Due in 2 to 5 years	More than 5 years
Convertible bonds	3,412	3,745	3,745		-	-
Other borrowings and financial liabilities	4,714	4,801	1,773	1,286	1,659	82
Lease liabilities	411	445	199	141	105	-
Trade payables	520	520	520	-	-	-
Total financial liabilities	9,057	9,510	6,236	1,427	1,764	82

	In €k	Contractual financial flows				
2021.12	Carrying amount	Total	less than one year	Due in 1 to 2 years	Due in 2 to 5 years	More than 5 years
Convertible bonds	3,444	3,790	178	3,611	-	-
Other borrowings and financial liabilities	5,360	5,514	1,135	1,436	2,721	221
Lease liabilities	145	163	104	58	0	-
Trade payables	513	513	513	-	-	-
Total financial liabilities	9,462	9,980	1,931	5,106	2,722	221

19. Related party transaction

The compensation of the main corporate officers is provided in note 7.5.5.

Transactions with Afyren Neoxy are as follows:

€k	2022.12	2021.12
Trade receivable	788	622
Customer contract liabilities (deferred income)	2,640	3,912
Financial expenses	-145	-190
Revenues	3,456	3,013
- Licensing income and development of industrial know-how	1,417	1,417
- Other services	2,039	1,597

20. Off-balance sheet commitment

In €k	2022.12	2021.12
Guarantees given (related to BPI advances)	33	33
Guarantees received:		
BPI guarantee received: National guarantee fund - Equity loan for the start-up of SMEs and VSEs.	122	172
BPI guarantee received: Auvergne PPA Fund	18	30
BPI guarantee received: AI/SI Intervention Guarantee Fund	1	3
BPI guarantee received: European Investment Fund	102	132

21. Statutory auditor's fees

The fees paid by the Company to its statutory auditor for 2022 and 2021 are as follows:

€k	RSM	
	2022.12	2021.12
Certification of individual financial statements	76	60
Other work and services directly related to the statutory audit	6	132
Statutory audit fees	82	192

Other work and services directly related to the statutory auditor's assignment in the amount of €132k in 2021 correspond to the fees related to the Company's IPO.

AFYREN

Registered office: 9-11 RUE GUTENBERG - 63000 CLERMONT-FERRAND
Société Anonyme **(limited company) with share capital of €517,371.36**

STATUTORY AUDITOR'S REPORT
ON THE IFRS FINANCIAL STATEMENTS
Financial year ended 31 December 2022

AFYREN

Head office : 9-11 RUE GUTENBERG - 63000 CLERMONT-FERRAND
Limited company with a share capital of 517 371,36 euros

STATUTORY AUDITOR'S REPORT ON THE IFRS FINANCIAL STATEMENTS
For the year ended 31 December 2022

To the Board of Directors of AFYREN

In our capacity as statutory auditor of the company AFYREN S.A, and in the context of the annual financial report on the multilateral trading facility Euronext Growth market, we have audited, upon your request, the accompanying IFRS financial statements prepared under International Financial Reporting Standards ("IFRS") as adopted by the European Union for the year ended December 31, 2022.

These financial statements are the responsibility of the Board of Directors. Our role is to express an opinion on these IFRS financial statements based on our audit.

We conducted our audit in accordance with professional standards applicable in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selections, to obtain audit evidence about the amounts and disclosures in the financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the financial statements, present fairly, in all material respects, the assets and liabilities and the financial position of the Group as at December 31, 2022, and the results of its operations for the years then ended in accordance with IFRS as adopted by the European Union.

Lyon, March 21, 2023

The statutory auditor
RSM Rhône-Alpes

Statutory auditing firm, member of the
regional institute of statutory auditors
of Lyon

Gael DHALLUIN

Partner